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Deadlock on arms dashes peace hopes

Major accused of 'buying' votes

COLIN BROWN
and DAVID MCKITTRICK

Hopes of breaking the deadlock in the Northern Ireland peace process ran into serious trouble last night after the nationalist parties accused John Major of trying to buy votes from the Ulster Unionists to prop up his Government in the Commons.

The Irish and British Governments were facing a crisis in the peace process after the report by US Senator George Mitchell had raised hopes of a breakthrough. The report warned it was a critical time in the history of Northern Ireland, which could "slip back to the horror of the past quarter-century" if progress was not made.

The report failed to provide any new solution to the deadlock over the IRA's refusal to begin decommissioning weapons.

The Government proposed an alternative way out by holding elections to a new Ulster body to appoint negotiating teams. But that plan looked doomed after John Hume, the leader of the SDLP, accused Mr Major of trying to buy the support of the Ulster Unionist MPs to safeguard his Commons majority.

Mr Hume was booted by Tory MPs who accused him of making a "cheap" allegation. Tory MPs shouted: "Disgrace".

Mr Major warned him that after working for years to bring people together for peace, it would be a "tragedy of enormous proportions" if he became the barrier to a settlement.

The Irish Government was also sceptical and was privately concerned about the election strategy, which Dublin sources said had been inadequately discussed. "There's nothing in it for the nationalists," said one Dublin source. Dick Spring, the Irish Foreign Minister, said it would mean those who supported the idea would have to persuade those who did not.

Six commitments all parties should make

- Democratic and exclusively peaceful means of resolving political issues.
- The total disarmament of all paramilitary organisations.
- Agree that disarmament must be verifiable.
- Renounce the use or threat of force to influence the course or the outcome of all-party negotiations.
- Agree to abide by the terms of any agreement reached in all-party negotiations, and to use exclusively peaceful methods to try to alter any part of it with which they disagree.
- Urge that "punishment killings and beatings stop, and to take effective steps to prevent these."

stark fault line, with the Government and Unionists on one side and Nationalists on the other. Dublin sources accused Mr Major of ditching the report and of going on a "solo run", which had raised suspicions across the range of nationalism.

Mr Major last night sought to ease nationalist fears by insisting the body would be restricted to appointing negotiating teams and would not have legislative or administrative powers, such as a power-sharing Stormont Government.

New focus same crisis, page 15

The Sinn Fein president, Gerry Adams, accused Mr Major of acting in bad faith and of erecting new preconditions to keep his party out of all-party talks. Republican sources said the election announcement had effectively killed off the Mitchell report and showed Mr Major was following a Unionist agenda to win Unionist backing for the Government.

The election move overshadowed the report of the internal body and introduced a

threat to boycott elections, but his rejection of the plan, which was proposed first by the Ulster Unionists, could cause a fresh crisis in the peace process.

Mr Major, who urged the parties to "take a risk for peace", had been pinning his hopes on breaking the deadlock on the plan to use the elections to bring Sinn Fein to the negotiating table. The talks could take place at the same time as the IRA began disposing of its weapons before independent observers. It won the support of the Ulster Unionists and the hard-line Democratic Unionist MPs, led by Ian Paisley.

The Prime Minister told the Commons the Government would discuss the concerns with all the parties about the plan. "But in a democratic system like ours, I cannot see how elections could be regarded by any of the parties as a side issue or as a block to progress."

Tony Blair, the Labour leader, offered bipartisan support to enable an emergency bill to be passed to call the elections by April or May. But some of his own MPs, led by former Northern Ireland spokesman Kevin McNamara, rejected the election plan and accused Mr Major of seeking to keep power with Unionist support.

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Andrew Marr, page 2

Mitchell details, page 2

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The Government may seek to move on with the elections, challenging the parties to show their commitment to democracy by taking part.

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Harman apologises for political damage and distress



Troubles behind her: Harriet Harman, accompanied by Clare Short, after the meeting of the Parliamentary Labour Party

Photograph: Reuter

Blair's appeal defuses revolt

DONALD MACINTYRE
and PATRICIA WYNNE-DAVIES

Tony Blair, the Labour leader, yesterday stilled a destabilising campaign to unseat his shadow Secretary of State for Health, Harriet Harman, with a passionate call on his party to recover the unity needed to defeat the Tories.

Mr Blair, faced with a potentially catastrophic revolt over Ms Harman's controversial decision to send her 11-year-old son to a grammar school, reimposed his will on the party with a warning that he would not hand the Conservatives "the scalp" they were seeking.

Mr Blair's decisive victory at a highly-charged 70-minute meeting of MPs which exposed deep divisions in the party came after Ms Harman apologised for the political damage and "dis-

trust" inflicted by the row but stood firm on her right to have made the choice. But Ms Harman's supporters were astounded when Bernie Grant, the left-wing MP for Tottenham, made a powerful speech backing Ms Harman during which he excoriated the "appalling" standard of comprehensive schooling in inner-city London.

Mr Blair at one point described the Tories as "bastards" and declared: "I'm not going to allow the Tories the pleasure of crucifying any member of my Shadow Cabinet ... you must stand firm".

Ms Harman went on to tough out Tory attempts to derail her with a sure-footed performance, leading a Commons health debate flanked by Mr Blair and leading members of the Shadow Cabinet – including John Prescott, the party's deputy

leader, who, like several other of his colleagues, is known to have been privately angered by Ms Harman's decision. Mr Prescott, who throughout the episode has conspicuously

failed to back Ms Harman personally, nevertheless sought yesterday to draw a line under the episode in his speech to the PLP meeting. He urged the party to unite behind Mr Blair's leadership and focus their energy on two forthcoming by-elections, in Hemsworth and Staffordshire South East.

But while Mr Blair unequivocally reassured his party's commitment to non-selective comprehensive education, Cabinet ministers emerged from a meeting on political strategy determined to capitalise between now and the general election, on the charges of "hypocrisy" provoked by Ms Harman's choice of a selective school.

Brian Mawhinney, the Tory party's chairman, said Mr Blair could not sack Ms Harman because he was using her as a "human shield" as he himself had

sent his older son to a comprehensive which selected by interview.

But despite the widespread anger within Labour ranks over Ms Harman's decision, correspondence flowing into the party suggested that while there was much unrest among activists, there was much more support for Ms Harman among the electorate at large.

Mr Blair told the meeting:

"These decisions are bound to cause anguish. Many parents in this room have been faced with similar decisions and taken them differently, but we should respect the decisions that any individual takes. The issue, however, is no longer about Harriet and her child, but how we handle ourselves in this difficult period. Let me make it clear what

Continued on page 2

Child bride ordered back to Britain

jurisdiction "forthwith" and demanded that any passport on which she travels home should be surrendered.

Sir Stephen's wide-ranging order also forbade Mrs Cook and her husband, Adrian, 42, from taking Sarah out of the country again and from talking about her case to the press. They are already understood to have earned more than £20,000 from selling her story to the Sun.

The schoolgirl from Braintree, Essex, was besieged by journalists yesterday in the cramped apartment she shares with her 18-year-old husband, Musa Komeage – who she married in an unofficial ceremony two weeks ago – and his parents in Kahramanmaraş, south eastern Turkey.

Meanwhile, her husband was

brought before a Turkish court on charges of repeated statutory rape and suspected abduction of a minor and was remanded in custody for 30 days. His lawyers argued that the marriage took place with the consent of both sets of parents, although the minimum age for any marriage in Turkey – and then only with the special dispensation of a judge – is 14.

Musa's father said: "The two of them love each other madly. Because they insisted, the two families agreed. We love Sarah as our daughter. The English should not be worried. Love knows no law or boundary."

The English ruling is not binding in Turkey but there were indications last night that the authorities would recognise it. Before leaving for the airport, Sarah's husband was

Mrs Cook said: "Looking back, perhaps letting Sarah get married was the wrong thing to do, but everyone makes mistakes. All I want to do now is get my daughter home."

Earlier in the day, however, Sarah had told the Sun: "If they keep Musa in jail, I will kill myself because I can't live without him." Musa's lawyer, Selim Sumen, also has an interest in her staying. He said: "Musa's only hope of getting out of prison is if they can apply to a court for special permission to marry when she is 14."

A Turkish foreign ministry spokesman said Sarah's visa was valid for a further three months. "At this stage, we could only forcibly remove her from Turkey at the request of her parents."

Leading article, page 14

the handover of Forte, following its defeat in a two-month battle.

Granada has promised to sell Forte's Meridian, Exclusive and trophy hotels, to pay off the £2.5bn debt it took on to finance the hostile takeover. It intends to keep the budget Travelodge chain and the mid-market Posthouse properties.

In a statement issued last night, Sir Rocco said: "I am leading a team working on a plan to purchase from Granada the hotel business of Forte other than Posthouse and Travelodge. My objective is to make a detailed proposal to Granada in coming weeks."

No financing is yet in place. Forte conceded last night. But a spokesman said that "discussions about financing were encouraging". He added that the Forte family would seek a stock market listing in future if their audacious offer is accepted.

IN BRIEF

New man is old hat

The new man of the 1980s has failed to make it into the 1990s – eight out of 10 women still always do the washing or ironing.

Page 5

High price of the Euro

Too tough conditions for the creation of a European single currency – the Euro – could damage European economies and the stability of the EU itself, Valery Giscard d'Estaing warned.

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Today's weather

Bitterly cold and windy with snow.

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Feast for N Ireland as Major eats his words

It has been rare to see John Major retreat on an issue of substance and look a bigger man as a result. Yesterday in the Commons he walked backwards and grew in stature at the same time – an impressive manoeuvre. His acceptance that decommissioning of Irish terrorist weaponry might be carried out while political talks were continuing, is a clear retreat. But it was a virtuous one and a necessary one.

The old position that arms had to be surrendered before the political talks started was considered essential by London from the very first private conversations that led to the peace process. But the IRA didn't budge an inch.

It has been clear for months that Mr Major and Sir Patrick

May were prepared, however reluctantly, to think again. Now they have – just as they, rather than the IRA, eventually moved on the silly verbal argument about whether the ceasefire was permanent or total.

It is never easy for politicians to eat their words, but complicated negotiation between previously unreconcilable enemies requires a lot of it. And the Prime Minister eats his very nicely. He was generous, smooth and sensible as he consumed the old precondition. He zig-zagged and moralised as he approached the only word of his statement that really mattered: "However." But he got there.

He cannot have liked some things he read in the Mitchell Report, with its unequivocal statement that the surrender of

arms before talks "will not happen". But he swallowed all that too. As he told a questioner in the Commons: "There is something in this report which is uncomfortable for every party in these negotiations."

Whatever the discomfort, there is no escaping the logic underlying the idea of elections followed by talks-with-decommissioning: "If there can be no talks before arms decommissioning has started, and if arms decommissioning cannot start, why then – both must happen at the same time."

The question now is over the form of the body which David Trimble, the Ulster Unionist leader, wants to see elected by May. He already seems a new kind of Unionist leader – fast-moving, assertive, and self-cer-

tain. But he and Mr Major have to produce some kind of constitutional assembly which will reassure the nationalists that it exists not to administer the status quo, but to move the politics of the Province on.

Oddly, it may seem, the moderate nationalists in Dublin and in the SDLP were more worried about the elected assembly than Gerry Adams of Sinn Fein. John Hume, who has been a pillar of the peace process, was in

uncharacteristically belligerent and ungracious mood, suggesting in the Commons that Mr Major was now in the pocket of the Unionists. He may suspect it. He has no evidence for it.

There are, of course, good reasons for moderate nationalists to flinch. Mr Hume has serious political problems if elections go ahead, including the prospect of his SDLP being out-played and out-spent in an electoral battle with Sinn Fein for the nationalist vote. That would be a sorry reward for his courage 18 months ago.

The SDLP is also worried about the smaller Unionist parties with paramilitary links being excluded from any new elected body; however unpleasant their pasts, these are essential to any final deal. So

there has been a stand-off between the Unionists who won't attend immediate talks without decommissioning; and the SDLP, who don't want elections to be established in both parts of Ireland. Yes, one thinks, this might actually happen.

Whether it does, and how soon, now rests with two parties above all. The Ulster Unionists have a duty to ensure that their proposed elected body is sufficiently focused and limited to be acceptable to the nationalists; and then the SDLP, however suspicious, have a duty to agree and to participate.

This will cause discomfort for both David Trimble and John Hume. They too will have to eat past words. But both are big figures; and the faster old words are chewed and swallowed, the better for Northern Ireland.

learn nothing about who had handled them. Handguns should be destroyed; ammunitions on possession of illegal weapons should be established in both parts of Ireland. Yes, one thinks, this might actually happen.

Whether it does, and how

IN BRIEF

MPs rap 'Guardian' over Aitken fax

Peter Preston, former editor of *The Guardian*, escaped punishment yesterday for doctoring Commons note paper to obtain a hotel bill incurred by the Tory MP Jonathan Aitken.

The Commons Privileges Committee said it accepted Mr Preston's apology that sending the "cod fax" was "a stupid and discourteous thing to have done" and his assurance he would not do it again.

Mr Preston sent the fax as part of his newspaper's efforts to establish who paid for Mr Aitken's stay at the Ritz Hotel in Paris owned by Mohammed Al Fayed. It purported to come from Mr Aitken and was intended to protect Mr Fayed, who was co-operating with the paper, from accusations of breaking a client's confidence.

The committee concluded that Mr Preston and *The Guardian* were "guilty of unwise and improper conduct".

Conveyancing move

The Law Society's ruling council will today decide their next move over a scheme to ban cut-price conveyancing after leading counsel advised the plan is within the law. The scheme, devised by the president Martin Mears and his deputy Robert Sayer – and questioned by the Master of the Rolls, Sir Thomas Bingham – will take away insurance from any firm which undercuts recommended fee levels for house deals.

£2m 'skunk' haul

Police seized more than 2,000 powerful cannabis plants known as "skunk weed" valued at more than £2m in a raid on a drugs farm on an industrial estate in Warrington, Cheshire. Three men were arrested.

Polar melt alert

An area of Antarctic ice the size of Norfolk has melted into the sea since 1945 due to rising temperatures, according to research by the British Antarctic Survey which suggests the trend will continue. In the past 50 years the local temperature at the South Pole has risen by 2.5C causing 8,000 sq km of the ice shelf to break off.

Baby breakthrough

Scientists from the National Institute for Medical Research at University College, in London, have made a "milestone" discovery which may lead to more test-tube baby conceptions by finding a protein in sperm which triggers a fertilised egg turning into an embryo, the Medical Research Council said.

Power record

Demand for electricity met a new record in England and Wales on Tuesday as temperatures plunged and high winds sent an icy blast over much of the country. The National Grid said demand soared to 48,029 megawatts – equivalent to 48 million one-bar electric fires – beating the previous record of 47,929 set in January 1987.

Shop raids alert

The number of shop robberies and till snatches rose dramatically last year with the total cost of all crimes against retailers reaching £2bn, says a survey by the British Retail Consortium.

Sinclair fights ban

Football star Trevor Sinclair was fined £480 and banned for 12 months after admitting drink-driving. The QPR striker was caught over the limit when driving a friend's car 30 yards. Preston magistrates were told. The England Under-21 international had the ban suspended pending an appeal.

Water safety first

Scottish Office environment minister, Lord Lindsay, announced that a borehole in Fife is to be designated a nitrate vulnerable zone in the British Government's first scheme to safeguard water from nitrate pollution in response to a European directive aimed at protecting drinking water supplies.

Poverty wage row

Labour hit out at the "scandal" of low pay after a vacancy for a trainee landscape gardener was advertised in a JobCentre in Chorley, Lancashire, offering a wage of £1 an hour. The advert attracted one applicant.

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ANDREW MARR

Mitchell report: Call for differences on de-commissioning not to obscure widespread support for disarmament

'Ceasefire must not be undervalued'

DAVID McKITTRICK
Ireland correspondent

The Mitchell report made the opening point that the republican and loyalist ceasefires had lasted almost a year and a half – saying that despite "punishment" killings and beatings, the sustained observance of the ceasefires should not be undervalued.

It said that differences on the timing and context of decommissioning should not obscure the near-universal support that existed for the total and verifiable disarmament of all paramilitary organisations.

The report said that to reach an agreed political settlement there had to be commitment to fundamental principles of democracy and non-violence. It set out six such principles, including a commitment to exclusively peaceful means, the total and verifiable disarmament of all paramilitary groups and the urging of an end to all "punishment" killings and beatings. It said parties should commit themselves that opposition to any new agreement should be confined to peaceful methods.

The report concluded there was a clear commitment on the part of those who held arms to work constructively towards decommissioning, but added that they would not do so prior to all-party negotiations.

It said the latter point was the view of the vast majority of the organisations and individuals which had made submissions to it, adding: "Many favour (prior) decommissioning but they are convinced that it will not

happen. That is the reality with which all concerned must deal."

The report declared: "As progress is made on political issues, even modest mutual steps on decommissioning could help create the atmosphere needed for further steps in a progressive pattern of mounting trust and confidence."

Dealing with decommissioning itself, the report said the process should suggest neither victory nor defeat. "Amnesties should be established in law in both jurisdictions. Armaments made available for decommissioning, whether directly or indirectly, should be exempt in law from forensic examination. Information obtained as a result of the decommissioning process should be inadmissible as evidence in courts of law."

In addition to its recommendations, the report listed a number of ideas that could build confidence: paramilitary groups could end surveillance of possible targets, provide information about those missing and believed dead, and lift threats against people. Measures for the authorities to consider included action on prisoners, a review of emergency legislation, the use of plastic bullets and the religious make-up of the Royal Ulster Constabulary.

The report added that several submissions had raised the idea of an elected body. It noted: "If it were broadly acceptable, with an appropriate mandate, and within the three-strand (ie Belfast-London-Dublin) structure, an elective process could contribute to the building of confidence."



Wise men: George Mitchell (centre) with General John de Chastelain (left) and Harri Holkeri delivering their report yesterday. Photograph: Crispin Rodwell

George Mitchell, 61

A former Senator who serves on a number of corporate boards and lectures at colleges and universities throughout US. Appointed to the Senate in 1980 to fill the unexpired term of Senator Edmund Muskie, resigning as a federal judge to take up the post before being re-elected in 1982 and 1988. As senator, elected as Senate majority leader in three consecutive Congresses. Leading light on environmental issues, he led effort for 1990 Clean Air Act. US District Court Judge from 1979 to 1980 and US Attorney for Maine in 1977 to 1979. Born in Waterville, Maine, served in Berlin as US Army counter-intelligence officer. Married to a businesswoman, Heather MacLachlan, and has one daughter, Arthea, by a previous marriage.

General John de Chastelain, 58

Was first appointed Chief of the Canadian Defence Staff in 1989, a post he held until 1993, when he transferred to the reserves and was appointed ambassador to the US. The following year, he was recalled to active duty and reappointed to defence staff. It was the crowning moment of military career which began in 1955 as a private in the Canadian Army Militia. In 1965 he served as a company commander in the United Nations Force in Cyprus, rising to command a battalion of the Princess Patricia's Canadian Light Infantry from 1970 to 1972. He is a past president of the Dominion of Canada Rifle Association and a former vice president of the Scouts of Canada. With wife Mary, he has a son, a daughter and three grandchildren from his marriage to Marja-Lisa in 1960.

Harri Holkeri, 58

To be prime minister of Finland from 1987 to 1991 was the culmination of a long political career for Harri Holkeri. He rose to prominence in politics as secretary general of the National Coalition Party in 1965, becoming chairman in 1971 until 1979. He became an MP in 1970, serving as a member of the foreign affairs committee and chairing the parliamentary supervisors of the Bank of Finland. In the two years which preceded his move into politics in the mid-1960s he was a member of the Finnish delegation at the UN, a year after graduating from Helsinki University in 1962. He holds the rank of major in the Reserve Army and has a son, a daughter and three grandchildren from his marriage to Marja-Lisa in 1960.

Left-wing MP regrets rejecting private education for his children

PATRICIA WYNNE DAVIES
Political Correspondent

"The comprehensive schools in inner-city areas of London are very bad indeed, and are failing our children." Thus Bernie Grant, the left-wing Labour MP for Tottenham, north London, speaking from his own bitter experience.

It must have been beyond Tony Blair's wildest expectations that the one-time black radical would give such overwhelming backing to the choice made by Harriet Harman.

The 51-year-old MP could not have been more uncompromising. He was appalled at the standard of comprehensive education in his area, he told MPs at yesterday's Parliamentary Labour Party meeting.

In an interview with the *Independent* afterwards, he frankly admitted that with hindsight he regretted not considering the private sector for his children, but

Bernie Grant accuses inner-city schools of failing to encourage their pupils

his former position as leader of Haringey council in north London had made that unthinkable.

The father of three sons, one now 20 and twins of 18, the sense of disappointment is palpable from a man once regarded as a high priest of political correctness.

He declined to name the Haringey school that is still attended by one of the twins, who is studying for A-levels with the help of £20 an hour private tuition to "get him up to scratch".

The other twin is training as a chef. The 20-year-old was on a design course but is currently unemployed.

He said his sons were "very seriously hampered" by the quality of their schooling, and blamed not only a question of resources through cuts in Haringey's standard spending

courage the kids to fix their aspirations very high."

He said of a young constituency who secured a place at Oxford: "She was absolutely castigated by her teachers. She was told it was an elitist place for public school kids. At Oxford she had a complex and didn't perform as well as she should have done."

He had concerns about his sons throughout their early schooling but as council leader felt he could do little about it.

Now black constituents were moving out of Tottenham or sending their children to the Caribbean to be educated:

"When they get to the Caribbean they are put in classes two years younger than them."

With hindsight, would he have opted for private education, politics and money permitting? "Absolutely," he adds. "I hope some good comes out of all of this."

Blair plea defuses Labour revolt

From page 1
This is now about. The Tories are trying to turn the education of an 11-year-old boy into a party political football. They want a scalp as their prize.

Before he spoke Ms Harman had declared in an emotional speech: "I know how difficult it has been for David Blunkett [the shadow Secretary of State for Education].

"I deeply regret that any decision I have taken has given any succour to the Tories and any opportunity for them to attack the Labour Party. I apologise to my colleagues for the diversion.

comprehensive in the Tottenham area and he now regretted it. This was a "personal decision by Harriet and Jack" and as such none of our business." He had remained silent about many things in the Labour Party over the last eight years but he now had to speak out.

Alice Mahon, in a speech judged by some to be the most effective of the anti-Harman contributions, said the party had been deeply damaged and there were now deep divisions in Parliament and among Labour supporters in the country. If she was determined to

send her child to St. Olave's school she should resign.

Roy Hattersley said: "We must solidify our commitment to comprehensive education. If at the end of this the vast majority of people know we are on their side then we can turn this issue to our advantage."

IN BRIEF
MPs rap 'Guardian'
over Aitken fax

Prince wants lottery cash to build mosques

REBECCA FOWLER

The Prince of Wales has suggested lottery money should be spent on new mosques and Hindu temples in Britain. He also accepted lottery chief in charge of the £1.6bn fund to celebrate the millennium of ignoring its spiritual importance.

The Prince, who will inherit the role of defender of the Church of England, said Britain should use the millennium fund

for buildings for all faiths, and not allow celebrations to collapse into "a giant, but essentially meaningless party".

He made the comments in *Perspectives*, the architecture magazine he helped to found.

"We need to think more deeply about what the millennium means ... Everyone, whatever culture or beliefs, can have a stake in the process which the millennium represents."

"I would hope that a start

might be made to help those faiths growing in Britain but struggling to create places of worship to erect buildings of real quality. This is one of those instances where millennium money may be able to help build bridges across some of those divisions in Britain's society."

But his attempts to champion other than Christianity have already divided religious leaders. Muslims are

forbidden to gamble and many would be reluctant to accept lottery grants from the Millennium Commission, which would offend Islamic law.

Liagat Hussain, a spokesman for the Bradford Council of Mosques, said the Prince had been ill-advised. "Gambling is haran, or forbidden, and it is prohibited to benefit from anything that proceeds from it, so lottery funds could not be used for mosques." But Zaki Badawi,

chairman of the Imams and Mosques Council of Great Britain, commended the Prince's support, and said he believed religious leaders could make an exception to accept funds.

"The Prince is striking a very important chord in the heart of all minorities who would like to be recognised as mainstream," Dr Badawi said.

"Although we have discouraged mosques applying for lottery money, we would see this

as money coming from the state and would advise communities to accept it."

The Prince's comments are also expected to spark a debate on the prominence of Christianity over other faiths in Britain. In recent years he has promoted the idea that other faiths are of equal importance, and described himself as a future "defender of the faiths".

The Church of England, one of the most outspoken critics of

the lottery, has accepted grants for Church buildings. But it refused to comment on the Prince's remarks, and said it was a matter for the imams of the mosques as to whether they would accept financial support.

So far the Millennium Commission has allocated £36.5m for 306 projects. Yesterday it said it welcomed a debate on the best way to celebrate 2000 and denied it was oblivious to the spiritual aspect. A spokesman

said: "We obviously welcome the Prince of Wales's contribution to this debate; we've had public consultations at every stage. We're already having informal discussions with many faiths on their feelings about the millennium."

The Prince has also called for lottery money to be spent improving inner cities and encouraging city dwellers to find new uses for redundant buildings that might help the poor.

Two face jail over 'simple' £13m fraud

A solicitor and a former nuts and bolts salesman were found guilty yesterday of defrauding the cooker company Belling and some of Europe's largest companies in a £13m fraud.

Charles Deacon, a former under-sheriff for Stafford, and his partner in crime James Fuller spent years fooling money-hungry people and businesses with amazing tales of international intrigue, the CIA and massive secret funds.

To back up their tales, letters were forged from the then American President George Bush, the American Secret Service and top banks. Helped by John Savage, an American who has since died and who claimed to be a senior CIA agent, their victims fell for the stories.

Apart from Belling, which was fooled into raiding its pension fund, victims also included Russia's largest co-operative and Finland's biggest food processing company.

Deacon, 52, who practised in Newcastle under Lyme, Staffordshire, was convicted of six charges of conspiracy to defraud and two of obtaining property by deception. Fuller, from Kidsgrove in Staffordshire, was found guilty on the six conspiracy charges and a deception charge.

The jury took just four hours to consider three-and-a-half months of evidence and return its unanimous verdicts.

Opening the prosecution case last October, John Goldring QC had told the court: "You may think it would be a difficult task to steal this amount. It is simpler than you think. All you need is a little nerve and a total disregard for the truth."

Deacon had put himself forward as the honest advocate. For added effect, he frequently flashed his practice certificate

and indemnity insurance cover to possible victims. In his office he had an impressive photograph of President Bush - with whom he claimed to be on first name terms - framed with the White House incumbent's inauguration programme.

Police believe Deacon and Fuller, who claimed to one gullible victim that he was the inventor of the world's first heart-lung machine, were part of a 12-strong gang - four in the US and the rest in Britain.

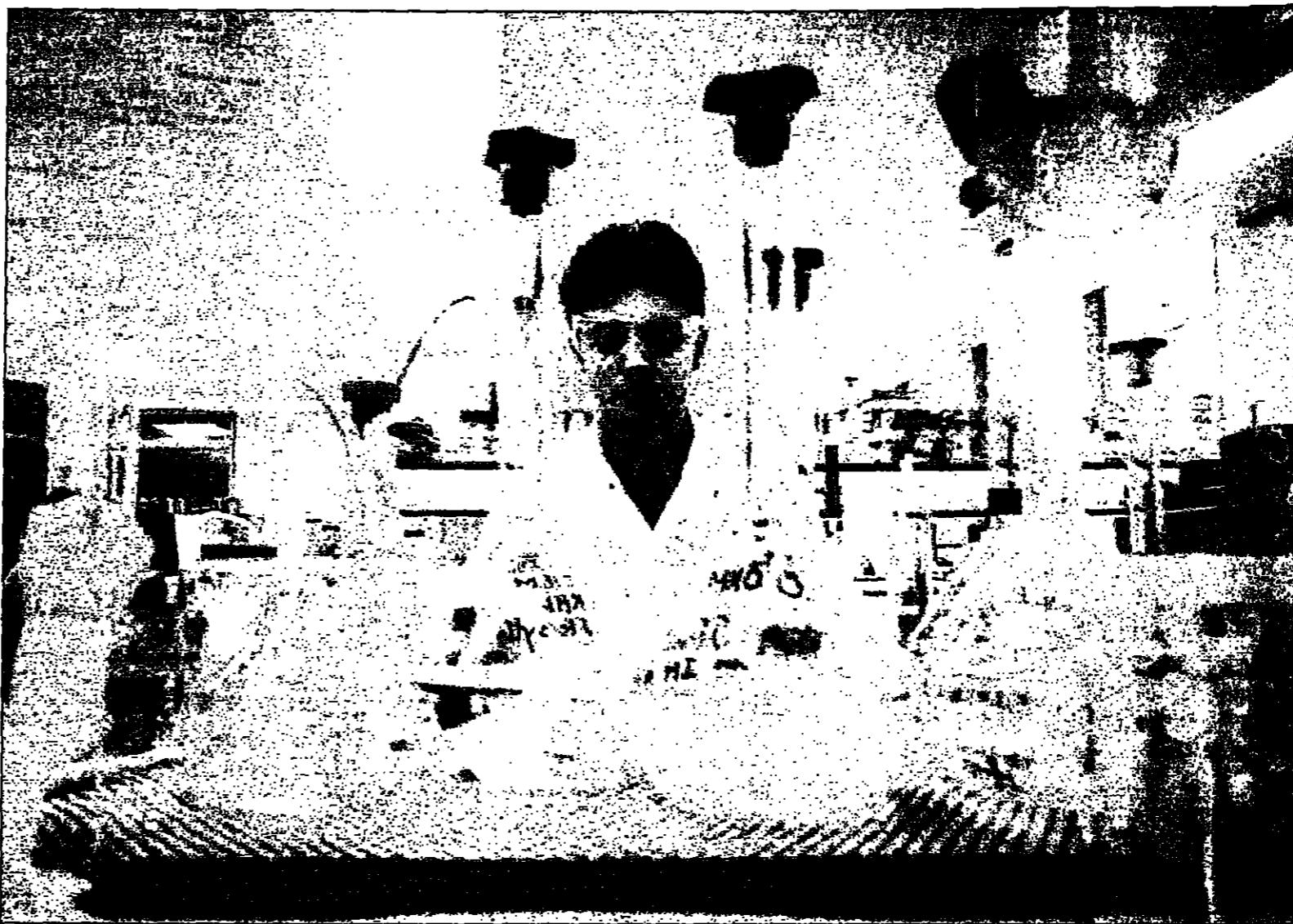
The court heard that Belling was among Deacon's and Fuller's first victims. In 1991, the company, based in Enfield, north London, was struggling to survive. When the firm was offered a lifeline loan of £3.5m, its directors could not resist.

Shown a forged letter from Lord Tugendhat, deputy chairman of National Westminster Bank, about a £750m "facility", company officials agreed to the terms - one year's upfront interest to secure the much-needed rescue package. They handed over more than £2m from their company pension fund. They never saw the money again. When they asked about the loan they were fobbed off with excuses.

The company folded in 1992, but according to some reports the swindle may have long-lasting effects on its 850 deferred pensioners - those who have not yet retired. According to one source, they could lose up to half their pension entitlement. The Law Society's solicitors' compensation scheme has already paid out £600,000 to victims, much of it in connection with Belling. Another £2m in claims is pending.

Mr Goldring told the judge that despite intensive inquiries it had been impossible to discover what had happened to £2.4m of the £9m that had not yet been recovered. However, detectives had found that £2m of the as yet untraced money had been laundered through about 40 different companies.

Appliance of science: Teenager's research ranked alongside Nobel winners



Order from chaos: Justin Marston at BNFL in Springfield, where he is working for a year before starting university

Photograph: Craig Easton

The tap that dripped for 200 hours

TOM WILKIE
Science Editor

An 18-year-old Lancashire schoolboy today joins the ranks of the world's top scientists, as his research is published in the world's premier scientific journal, *Nature*.

Nobel prizewinners queue up to have their research published in *Nature*, but the journal today publishes the results of experiments Justin Marston did during his sixth-form A-level project.

Mr Marston spent more than 200 hours on his project -

watching a dripping tap. It may sound downbeat, but his work actually deals with two of the hottest topics in science today - chaos and complexity theory.

Some of the best brains in the world ponder these topics at the high-powered Santa Fe Institute in New Mexico, USA. Mr Marston investigated them at Rumsby Tertiary College in Leyland near Preston, using "central heating header tanks bought from plumbers' merchants and a pump from the local garden centre".

Mr Marston was quick to

deny that his work was of Nobel calibre. He said: "I was shocked when I found out they [*Nature*] were going to publish it."

In science, chaos is a tightly defined term, used to describe behaviour of physical or biological systems that appears completely random but is actually an underlying pattern of series of patterns. The term has stuck, despite being misleading in the way that its scientific use is almost the opposite of the everyday use.

"I always thought chaotic physics was small atoms moving

around. But the dripping tap is a classic chaotic system. It's very close to my own experience. I think that brought it to life," said the young scientist.

He got interested in the phenomenon and recorded half a million observations. "Some of my friends said send it to a journal for publication" so I thought I might as well start at the top - *Nature*," he said.

Mr Marston studied how fast his "tap" (actually a capillary tube) dripped and how the rate was influenced by pressure in the header tank. He found that

"as would be expected, with in-

creasing water pressure, the average time between drops decreases, but not in a linear manner".

Despite having his experiment published, Mr Marston intends to study biochemistry at Durham University in October. He could have chosen almost any scientific discipline, since he obtained six straight A grades in his A-levels mathematics, biology, chemistry, physics, music and general studies.

He hopes to pursue a career in science, but hasn't yet decided between academia and industrial research.

His first marriage had been dissolved in 1985. Her second, to John Lowey, bore two children. The couple separated in 1989, with custody of their children awarded to their father.

The Lowey marriage was never ended, so the Gibraltar ceremony was bigamous, Mr Becker said. But Mrs Lowey lived as man and wife with Mr Whalley at Bold, St Helens.

On 8 January, his body was found by his son by his late wife in the caravan he shared with Mrs Lowey during construction of a new home. A post-mortem examination of the body revealed fatal quantities of morphine and Temazepam. Two of Mrs Lowey's cousins had told police that she was "obsessed with money", wanted Mr Whalley dead, but also wanted a share of his wealth. The cousins would give evidence that she told them: "No more Ian. Now I'm free".

Mrs Lowey was charged last week and remanded to Risley prison, Cheshire.

Graham Simpson, for Mrs Lowey, said the cousins' evidence would be challenged. Mr Whalley could not face the fact that the woman he thought his wife had terminal cancer; his wife of 28 years had also died of cancer.

Opposing a further demand in custody, Mr Simpson denied prosecution claims that Mrs Lowey would, if bailed, pose "tremendous danger" to witnesses, abscond, or commit suicide. "She wants to establish her innocence, then die," he said.

Magistrates refused bail; she was remanded in custody for seven days.

Cafés less than starry-eyed over award

CLARE GARNER

The *Michelin Guide*'s attempt to embrace a wider, more eclectic range of restaurants within its culinary bible has backfired with the revelation that the less traditional eateries have only been awarded low ratings.

The crowning glory of three stars remains strictly reserved for an élite band of four, while two- and one-star ratings are still out of reach for many top-class restaurants. However, the *Michelin Guide* bestowed an unusually large number of lower

ratings, including 17 new one-stars and 25 new Red Meats, this year.

Highly lauded restaurants such as London's River Café and Alastair Little were unimpressed with their Red Meat ratings. They criticised inspectors for being out of touch and burdened by French bias.

For the first time in its nine-year history, the River Café made its way into the gastronomic index - albeit unwittingly. The popular Italian restaurant was not exactly bowled over.

Rose Gray, the co-owner, was taken aback by the entry. Once reassured the restaurant had achieved red "M" status, code for "less elaborate but carefully prepared meals", she replied: "We are really low down, is that what you are saying? ... Hooray, good, fabulous." It didn't matter, she insisted. "For me the *Michelin Guide* means very little. After all, we haven't been in the *Michelin Guide* since day one and lots of people like us. We get awards from other guides that give us top ratings."

A Michelin spokesman denied there was a deliberate attempt to broaden the criteria this year. "Anyway there are any number of ethnic restaurants included in our guide," he said.

"The restaurants we have chosen reached a standard that is satisfactory to our board. We are looking at the quality of the food, the care with which it is prepared, and the execution of the dishes."

The pioneering British chef Alastair Little, whose "Red Meat" restaurant in Soho is a non-mover in Michelin's culi-

nary charts, was similarly unimpressed. He dismissed the guide as "totally pointless".

"It's all a bit of a nonsense. They are completely and totally out of touch with what represents decent food in England."

They basically seem to like posh French cooking with extreme consistency - which is important - and can't come to terms with popular or populist places of the dishes."

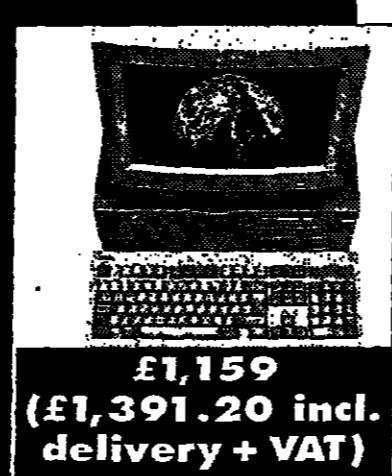
□ The 23rd edition of the *Michelin Guide to Hotels & Restaurants in Great Britain and Ireland*; £12.99.



Highly rated: Staff eating at the River Café in west London

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news

School tests show decline in standard of English

JUDITH JUDD
Education Editor

Results of last year's national tests at 14 in English, to be published today, are worse than the previous year's with only about 50 per cent of the pupils reaching the standard expected by the Government.

The proportion of pupils getting the top grades has fallen sharply, lending support to English teachers' claims that marking this year was unfair to bright pupils.

Traditionalists said even the 1994 English results showed unacceptable standards of literacy and undermined teachers' claims that standards are rising.

English teachers, however, say the tests are too narrow and do not allow pupils to show what they can do. They want more coursework and fewer formal tests.

Full results of national curriculum tests for 7-, 11- and 14-year-olds taken last spring and summer by 2 million children will be released by Gillian Shephard, the Secretary of State for Education, today.

Delay in publishing the results has fuelled speculation that they are disappointing.

The tests are marked on a scale of one (bottom) to eight (top). Last year, for the first time, they were marked by external markers instead of class teachers.

The Government says that the average 14-year-old should reach between level five and six. But last year only 55 per cent reached level five or better in English compared with 58 per cent the year before.

Only 20 per cent reached level six or more, compared with 31 per cent last year, and just 4 per cent reached levels seven and eight, compared with more than 10 per cent in the previous year – a difference of nearly 40,000 pupils.

The results take into account the 20,000 pupils who had their marks changed after 900

schools complained about unfair marking.

An Exeter University report on the tests, to be published shortly, will say that questions in the compulsory Shakespeare paper were too narrow to allow bright pupils to show what they could do.

Bethan Marshall, an executive member of the National Association for the Teaching of English, which complained about inexperienced markers, said: "The markers were not all English specialists and the mark scheme was too rigid to take account of the bright child who comes up with unexpected answers. This has created some extremely erratic results."

The School Curriculum and Assessment Authority, which advises the Government on exams, has admitted there were difficulties over marking English tests and has promised to tighten up the supervision and training for markers.

It is also piloting new tests for 14-year-olds on Shakespeare which would include coursework and would allow teachers to set tests when they chose. It says English teachers have exaggerated the problems over marking.

Dr Nick Tate, the authority's chief executive, said before Christmas that the test results suggested that standards of reading and writing among seven-year-olds were rising while those in maths remained much the same.

Results for 14-year-olds in English, maths and science remained much the same.

Mrs Shephard will also announce that the Government is to consult on whether to go ahead with performance tables for primary schools based on national tests at 11. At present performance tables are confined to GCSE and A-level results.

Ministers have said they intend to wait until tests for 11-year-olds have "bedded down" before introducing tables. The first tests were set last year.



Missing link: Pot-holer Steve Thomas wading into the major cave system at Dan yr Ogof, in Powys, as part of a search for 10 miles of missing passageways brought to the attention of cavers by continuing heavy flows of water during last summer's drought

Photograph: Rob Stratton

Income support fraud reaches £1.4bn a year

CHRIS BLACKHURST
Westminster Correspondent

Fraud by claimants of income support is running at £1.4bn a year, the National Audit Office confirms today. The public spending watchdog found that almost 1 in 10 of income support recipients are estimated to be fiddling their claims. In all, 561,000 people, or 9.7 per cent of claimants, are committing fraud, the NAO reckons.

False information definitely lay behind payments of £63m, said the NAO, and there is a "strong suspicion" of fraud in cases worth another £775m.

So great is the problem that Sir John Bourn, the head of the NAO and the Comptroller and Auditor-General, refused to give the Benefits Agency, which administers Income Support, a clean bill of health. The agency's accounts were qualified, said the NAO, "because of the high level of expenditure arising from fraudulent claims".

Around 10 per cent of total Income Support payments of £16.6bn is being claimed dishonestly – a proportion that will make grim reading for Peter Lilley, the Secretary of State for Social Security, and will fuel demands from Tory backbenchers for a renewed crackdown.

It comes after a recent study from his department found that fraud in housing benefit, which is dealt with by local councils, may be costing £1bn a year.

New divorce laws like 'a shotgun wedding'

In July Mr Lilley announced a new approach for the Benefits Agency – developed after concerns in 1994 – to combat cheats. The strategy puts new emphasis on trying to stop fraud occurring in the first place, while boosting detection and investigation.

Costing £300m, Mr Lilley's onslaught is expected to yield savings of £2bn over the next three years. This year, said the NAO, as part of a further tightening up, the Agency has promised to: simplify the rules on housing costs; improve its computer system; make extra checks before payments; bolster training and send hit squads into agency branches where fraud is especially prevalent.

on the skill of the mediators. Yet the assumption is a nationwide network of trained mediators will materialise quickly."

The book warns mediation is not always appropriate, particularly if there are heated and complex disputes. But it welcomes the domestic violence reforms as overdue and the "very sensible re-ordering of the current messy and confusing law".

Ms Garlick, a solicitor, says the Child Support Agency needs a "radical overhaul" if it is to survive.

And the Child Support Agency has been a "lost opportunity" due to the complexity of its mechanisms, claims the guide's author, Helen Garlick.

Under the "12-month no-fault" divorce proposals before Parliament, the emphasis will be on mediation to resolve disputes, with restricted access to lawyers.

Of the plans for couples to discuss finance, property and children with trained mediators – viewed by many solicitors as likely to lever them out of the divorce business – Ms Garlick said: "Its success greatly depends

Mental health care 'in crisis'

GLENDY COOPER

An investment of £500m is needed to stop the crisis in care for schizophrenics and reduce their 1-in-10 suicide rate, the National Schizophrenia Fellowship said yesterday.

Gary Hogman, research officer with the NSF, told the Royal College of Psychiatrists winter meeting in Stratford-upon-Avon that a multi-million pound investment was needed urgently. Proper care was to be delivered to the mentally ill. The £500m would be spent on staff and staff training.

The call comes a week after an inquiry set up by the Government into 39 homicides and 240 suicides involving the mentally ill produced fierce criticism of the National Health Service.

The report, by the Royal College of Psychiatrists, found many patients who killed or committed suicide had lost contact with the psychiatric services or were refusing to comply with treatment.

In a paper called *Care, Crisis and Cash*, Mr Hogman said that unbearable strain was being put on informal carers who look after schizophrenics – 90 per cent of whom live in the community.

More than four in five carers were providing "crisis" care – caring for someone who has had a severe relapse in mental health and is a danger to themselves and others. And 70 per cent of carers had experienced physical or mental health problems themselves "as a result of the extra burden of caring".

"NSF members are frequently made aware that you have to have a crisis before you can access the mental health services," said Mr Hogman.

"Generally the situation has not improved over the last 10 or 20 years. Informal carers have been left out of the equation and not given the information or support they deserve."

Mr Hogman added: "If we have now is 'community care' then it is working effectively for only a small minority with severe mental illness. More resources must be made available or the Government must admit the policy cannot be implemented."

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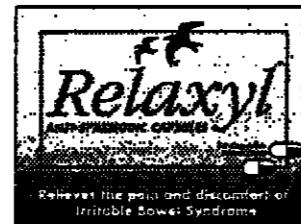
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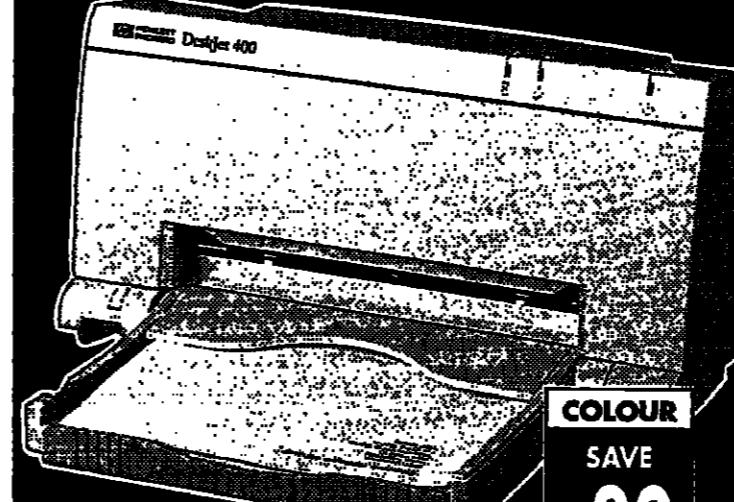
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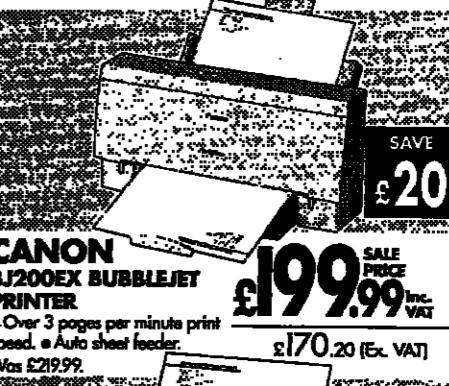
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Mental health care in crisis

Social Trends: Women still do most housework

New Man fails to survive into the Nineties

NICHOLAS TIMMINS
Public Policy Editor

The New Man of the 1980s has failed to make it into the 1990s. Among couples, eight out of ten women still always or usually do the washing or ironing. Only 35 per cent of men share the job of deciding what to have for dinner and while men and women share shopping more equally, it is still men who are overwhelmingly likely to do the repairs around the home.

More people are taking two holidays a year and more are going abroad. Spending on food and tobacco as a proportion of household expenditure is falling, but housing and transport is taking a larger slice of household budgets, the *Social Trends* analysis of lifestyle and expenditure reveals.

Women spend eight hours more per week on housework, cooking and shopping even when they are working full-time – and as a result men in full-time work tend to have two hours' more free time at weekends than their working partners. But some things change: the proportion of women doing home improvements in their free time rose to 30 per cent.

And while men remain more likely than women to take part in sport or other physical activity, the gap between the genders has narrowed. In 1993-94, 57 per cent of women took part in at least one activity in the four weeks preceding a survey, against 72 per cent of men.

Walking is the most popular activity for both sexes, but men were four times more likely to

play golf, snooker, pool or billiards than women, while higher proportions of women than men went swimming or attended keep-fit classes.

At home, watching television remains overwhelmingly the favourite leisure time activity, with people spending an average 19 hours a week in front of the television or listening to the radio, compared with five hours visiting friends, three reading, and two playing games or hobbies or computing.

On average, three hours a week are spent eating or drinking out, two hours on walks or other recreation and just one on sport. Cycling, despite greater interest in bicycle lanes, has continued to decline, at least on public roads. In 1951, this activity accounted for a quarter of all road traffic, with 21 billion kilometres covered. By 1994, kilometres covered had fallen by one-fifth and cyclists made up just 1 per cent of traffic.

Outside the home, arts activities are increasing. Cinema attendances were up 10 per cent to 124 million admissions in 1994 and attendances at the ballet and opera, at plays, classical music and art galleries all rose over the past decade.

Rising wealth – household spending has risen by three-quarters since 1971 – has seen changing expenditure patterns. The proportion spent on food has nearly halved to 11 per cent since 1971, and the proportion spent on other essentials such as fuel, power, clothing and footwear also fell. Housing, however, accounts for a higher proportion – the result both of

rising owner-occupation and higher rents. Expenditure on holidays abroad nearly quadrupled over the same period.

The proportion of adults taking one holiday a year has remained fairly constant at about 60 per cent, but the proportion taking two or more has risen from 10 to 26 per cent over the past 30 years. Increased expenditure on food has not prevented a healthier diet – though not among the young. The 16- to 24-year-olds were the least likely to eat vegetables, salad, fruit and high-fibre cereal regularly. In addition, higher proportions of 18- to 24-year-olds drank excessively.

Poet's corner: David Freckleton, exhibitions organiser at Glasgow's Mitchell Library, moves an engraving of Robert Burns in the new Burns Room, which opens today, the 200th anniversary of the poet's death. It will also house the Scottish Poetry Library. Photograph: Colin McPherson



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DON'T DREAM IT. DRIVE IT.

Education takes more time as work shrinks

Britons are becoming better qualified, retiring or having to give up work earlier, and spending longer in education, according to the latest edition of *Social Trends*, writes Nicholas Timmins.

But despite an educational and work revolution which is tending to shorten working lives while the population ages, young people still quit formal education much more quickly than in many competitor countries. Education is starting earlier. More than half of three- and four-year-olds now attend school full- or part-time, compared with one-fifth 25 years ago.

The proportion staying on at school past 16 has almost doubled since 1980, and there has been a "spectacular" growth in the number of 18-year-olds entering further and higher education. In the three years to 1993-94 the number of full-time students increased more than 40 per cent in higher education and 50 per cent in further education – increases greater than over the whole of the previous decade.

But despite such dramatic growth, the UK still lags behind other countries. By 18, barely half are still in education against four-fifths in France and Germany. In addition, more than one-third of UK participants are part-time when in other countries education and training is almost all full-time.

As education lengthens, however, working life, particularly for men, is being squeezed at the other end. Only a fraction more than half (51 per cent) of men aged 60 to 64 now work against four out of five in 1971, and the proportion is expected to fall below a half by 2000.

Some of the dramatic decline reflects earlier retirement made possible by the growth of occupational pension schemes. But some is forced retirement. Older workers – along with the young – are the most likely to be made redundant. And once out of a job, older workers are the least likely to get back into one. Of men unemployed for a year, about 60 per cent of those aged 50 to 64 had been out of work for a year or more compared with 45 per cent of those aged 20 to 29. "Redundancy is a real fear among people," *Social Trends* records, even though redundancy rates have fallen in recent years.

The changed work patterns have also brought a marked shift in people's attitudes over the role of trade unions. Seven years ago, in 1989, 28 per cent of those questioned listed improving pay as the most important thing they thought trade unions should do. By 1994, that had changed dramatically. More than twice as many (37 per cent) wanted unions to concentrate on protecting jobs, against 15 per cent listing improving pay as their most important task. That change was also reflected in more than twice as many union members saying they believed unions should have a larger say over management's long term plans. "Job security is seen as a major concern," the report says.

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politics

'Arms to Iran' firm bypassed Cyprus embargo

CHRIS BLACKHURST
Westminster Correspondent

The defence company at the centre of the arms to Iran affair was also using Singapore as a way of avoiding a British embargo against supplying Cyprus, the Trade and Industry Select Committee was told yesterday.

A former director of the company was also accused by an MP of having a "selective memory" after denying he had not even heard factory rumours arms were destined for Iran.

An memorandum to senior executives of BMARC reveals Singapore was being used as a conduit for ammunition for 35mm guns - the same role it played in the supply of 140 naval guns to Iran in defiance of a United Nations blockade.

Jonathan Aitken MP, who sat on the BMARC board, has denied knowing Iran was the final destination for the naval guns order, codenamed Project Lisi.

In evidence to the select committee, which is investigating the Lisi deal, other ex-BMARC directors, William McNaught and Major-General

Donald Isles, have maintained they did not know the artillery pieces were heading for Iran or that Singapore was a stop-off. Dated 4 January 1989, the memo was sent by Mr McNaught, BMARC's managing-director, to five colleagues, including Major-General Isles. It details how the firm had failed to obtain an export licence for Greek Cyprus in 1987. As a way round the embargo, the ammunition was ordered by Oerlikon, BMARC's former Swiss parent, from the company's Grantham factory and sent to Singapore, from where it was shipped to Cyprus. At the same time as BMARC was using this device to arm Cyprus, shipments were being made to Singapore as part of Lisi.

The memorandum emerged as MPs quizzed Stephan Kock, another ex-BMARC director. In a session that became heated at times, Mr Kock downplayed Lisi, claiming it was not "a very large project". He admitted, though, that it had been discussed. Board minutes did not include much mention of Lisi - possibly, it was revealed, because the

minutes had been doctored. While Major-General Isles said he had heard factory rumours that the Lisi guns were going to Iran, Mr Kock said he had not heard them. He was accused by the MP Ken Purchase of having "a selective memory".

MPs repeatedly questioned Mr Kock about his own background in the defence industry, the armed forces and intelligence. He admitted keeping in contact with the security services while on the BMARC board.

After Mr Kock accused Gerald James, the former BMARC chairman who claims his fellow directors did know Lisi was bound for Iran, of "always looking for spooks under the bed", Martin O'Neill, the committee chairman, replied that Mr Kock was "a spook above the bed".

Mr Kock also denied the company ran "a secret order book", as alleged by Mr James. And he avoided answering a question by the MP Keith Hampson about the Cyprus memorandum. Instead, Mr Kock paid tribute to Government officials administering the export licensing system.



Save my bacon! The actress Joanna Lumley cuddling Babe, an eight-week-old piglet, as they arrived outside the Parliament yesterday for the launch of Compassion in World Farming's 1996 campaign to win a new status for animals as 'sentient beings' in European law. Photograph: Edward Sykes

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Doughty performer stands her ground at despatch box

Harriet Harman last night proved to her Labour colleagues that whatever they might think of her judgement in sending her son, Joseph, to a grammar school, she is a doughty Commons performer under pressure.

Opening a Labour-initiated debate on the health service - scheduled before the schooling row broke - Ms Harman managed both to stifle Tory attempts to embarrass her and to mount an effective attack on "privatisation by the back door".

"This debate is about our National Health Service," Ms Harman began. "It is about the hundreds of patients who wait on trolleys for emergency treatment. It is about the thousands who are denied the treatment they need."

The jeers of Tory backbenchers in a House unusually well attended for an Opposition debate, suggested otherwise.

Noting the packed benches opposite him, David Shaw, Conservative MP for Dover, said Labour MPs had been banned from the Commons tea room.

Later Mr Shaw came perilously close to be ordered out of the chamber after shouting

□ Harman keeps cool in face of Tory onslaught □ NHS 'safe only with the party that created it'

out that Tony Blair was a "hypocrite", but finally withdrew the accusation under pressure from the deputy speaker, Michael Morris.

The Labour leader, and his deputy, John Prescott, were on the crowded Opposition front bench to support Ms Harman.

Inside Parliament
Stephen Goodwin

while her husband, union official Jack Dromey, watched from the public gallery.

John Sykes, MP for Scarborough, was one of the first Tories to try to trip up the Labour health spokeswoman.

"Isn't it a good thing there's no such thing as a grant-maintained hospital?" he asked.

Training chiefs' £1 liability attacked

CHRIS BLACKHURST

One of the Government's flagship initiatives for alleviating the problem of long-term unemployed young people was criticised yesterday by a powerful group of MPs.

The Commons Public Accounts Committee, which has a majority of Tory members, expressed "grave concern" that the directors of Training and Enterprise Councils, private companies set up with more than £1.4bn of taxpayers' money to manage young people's training, have a personal liability of just £1 each in the event of failure. The TEC in South Thames has already collapsed.

Stephen Byers, Labour's education and employment spokesman, called for changes in the accountability of TEC directors.

"It is simply unacceptable that people responsible for spending such large sums of public money have personal liability of just £1," he said. "Changes must be introduced which will ensure that directors are held liable for reckless spending."

In the case of South Thames, the chief executive, Michael Hanson, retired because of ill-health. The board agreed to make him an *ex gratia* payment of £30,375.

"Would the directors of South Thames have acted in this cavalier way if they could be held personally responsible for such spending?", Mr Byers asked.

Government in retreat over ID card proposals

HEATHER MILLS
Home Affairs Correspondent

A voluntary identity card scheme is to be introduced later this year, following a Home Office survey showing most people do not want to be compelled to carry identification.

Baroness Blatch, the Home Office minister, yesterday told a Commons committee that the Government had reached no final decisions over a national identity scheme. But sources confirmed that the threat of a Cabinet rift had already ruled out a costly compulsory scheme.

Ministers were said to favour a voluntary scheme based on a photocard driving licence.

It also emerged that what was in any event a lukewarm commitment to a compulsory scheme has now been further watered down by the realisation

that ID cards would have little or no impact on crime.

However, Lady Blatch insisted yesterday that a scheme would ease people's "fear of crime". They would believe it was "another shot in the arm" of the police in the fight against crime", she told the all-party Home Affairs Select Committee.

Jack Straw, shadow Home Secretary, immediately attacked the Government for its indecision. "First there was the silence and now a gradual retreat," he said.

The idea was warmly welcomed by the Tory grassroots when it was held up by Michael Howard, the Home Secretary, at the party conference two years ago as a major weapon in the fight against criminals, illegal immigrants and benefit scroungers.

Enthusiasm has since been

more muted. Criticised as an attack on freedom, the proposals united the libertarian left and right - including those in the Cabinet. Even the police were ambivalent - unconvinced of the scheme's crime-fighting merits and concerned about the potential for harassment claims.

There was also Treasury opposition - a compulsory scheme would have cost about £600m - and the evidence of studies from countries that have ID schemes indicating that they had very limited impact on crime, fraud, and illegal immigration.

A government consultation paper, published last May, outlined a number of possible options. A subsequent Home Office survey of over 2,600 voters found that just over half favoured some kind of scheme, but less than a third wanted a compulsory card. About 30 per cent were dead set against.

'Tartan tax' blow to Tories

JOHN ARLIDGE
Scotland Correspondent

The Tories' campaign against Labour's devolution proposals suffered a setback yesterday when Michael Forsyth, the Secretary of State for Scotland, was ordered to stop making claims that a Scottish parliament would impose a "tartan tax".

Sir Robin Butler, the head of the Civil Service, ruled that the phrase, which is the cornerstone of Mr Forsyth's campaign against a revenue-raising Edinburgh assembly, was "partly political" and could no longer

be used in official government communiqués.

Tartan tax claims have appeared in numerous Scottish Office documents in recent weeks, angering Labour and the Scottish National Party, who have accused Mr Forsyth of using civil servants to peddle Tory propaganda.

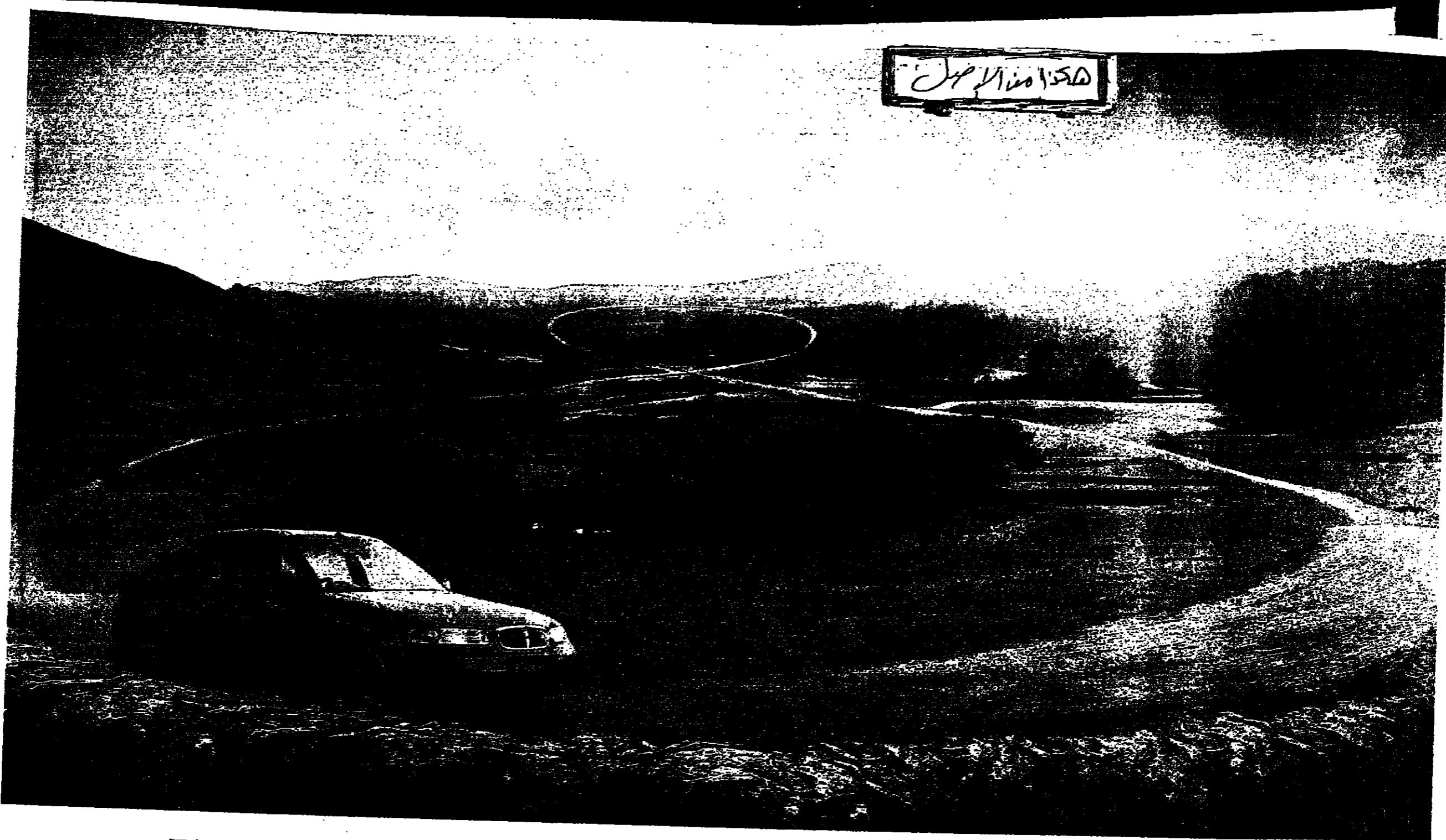
Sir Robin's move comes a week after a bitter dispute over a speech by Mr Forsyth in which he used another Tory slogan - devolution converts "new jobs to nice jobs".

George Robertson, the shadow Secretary of State for Scot-

land, wrote to Sir Robin, the guardian of political neutrality in the Civil Service, asking him to rule whether the phrase "tartan tax" could be used in Scottish Office documents. Labour says a Scottish administration would not raise taxes.

After consultations with Sir Robin, Sir Russell Hillhouse, the permanent under-secretary at the Scottish Office, agreed that the phrase was partisan.

Mr Forsyth remains free, however, to refer to the tartan tax in remarks at government functions, in the Commons, and at Conservative meetings.



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US budget crisis: President's masterful State of the Union message allays market fears and boosts his hopes for re-election

Acclaim for Clinton as he woos Congress

RUPERT CORNWELL
Washington

Hours after President Bill Clinton's widely acclaimed State of the Union Address, the Republicans and the White House moved yesterday towards compromise on a stop-gap spending bill to avert another government shut-down this weekend and on a formula to increase the debt ceiling, preventing a threatened government default next month.

In a speech that effectively began his re-election campaign, Mr Clinton urged the Republican Congress to join him in passing those parts of a balanced budget plan on which both sides agreed. After the Speaker, Newt Gingrich, responded by offering a measure to lift the borrowing ceiling "as early as next week", the White House professed its

"encouragement" at Mr Gingrich's words.

An increase in the \$4.9bn (£3.1bn) ceiling, which Republican hard-liners have blocked in order to exert pressure on Mr Clinton to accede to a seven-year plan to balance the budget, assumed new urgency this week after Robert Rubin, the Treasury Secretary, warned the US would go into default on 1 March. The unprecedented move could cause turmoil on world financial markets.

Yesterday that prospect was receding, not least because Republicans were aware that Tuesday night unarguably belonged to Mr Clinton. Press and public reviews were overwhelmingly favourable. One instant poll afterwards registered 70 per cent public approval, while a two-to-one margin of Americans blamed the Republicans for the budget impasse.

The President urged Democrats and Republicans to put aside differences for a new "Age of Possibility" for America. By co-opting many Republican themes, from crime to "family values", he took dead aim at the crucial middle ground of US politics where the next election will be decided. Even Mr Gingrich conceded it was a "remarkably Republican speech".

"The era of Big Government" is over, Mr Clinton declared, in one of the few passages to draw cheers from Republicans. But, he added in an implicit dig at his opponents' heartless radicalism, "We can't go back to the time when our citizens were left to fend for themselves." Mr Clinton produced no important legislative proposals. Instead he peppered his speech with exhortations to "stand together" and seek the "common ground".

By contrast it was Bob Dole, the Senate majority leader and Mr Clinton's most likely foe in November, who came across as crabby and partisan as he delivered the Republican response. Anxious not to be outflanked by conservative rivals, Mr Dole accused Mr Clinton of "elitism" and of being "held back by outdated values".

Mr Dole's spirits would not have been lifted by new opinion polls showing advances by his chief competitor for the nomination, Steve Forbes. In New Hampshire, where the first primary takes place on 20 February, one poll puts him ahead by only eight points. In Arizona, which holds its primary a week later, the multi-millionaire magazine publisher is leading by a solid 39 per cent to 27 per cent.

Grumpy old men hand it to Bill

Washington — There was a special showing of *Grumpy Old Men* on Tuesday evening. Not the smash film with Jack Lemmon and Walter Matthau, but the Capitol Hill version, without a laugh in the script, featuring the Republican elders in Congress and starring Bob Dole — the Meanest Scowl in Town.

For students of politics as it is made, Bill Clinton's State of the Union address was a dream. There he was, the Husband of Hillary to be sure, but youthful, appealing, and above all projecting good cheer. True, on the rostrum behind him Vice-President Al Gore was doing his habitual impersonation of a Secret Service officer. But compared with the Republicans even the famously wooden Al came across as a bundle of fun.

Next to Mr Gore sat Newt Gingrich. Only once did the

Speaker's countenance lighten when just before the speech Mr Clinton handed him a sheet of paper. Earlier that evening, a television reporter had inquired of the Speaker what he would like the President to say.

"Thank you and good night," came the reply. That was the mock text Mr Clinton handed him. Even Mr Gingrich, who has not had much to smile about of late, had to grin.

But that was the end of the festivities as far as Republicans were concerned. A few times they clapped. For the rest, the cutaway television shots were any guide: they sat in a silence that was, well, just grumpy.

A peevish Al D'Amato, chairman of the Senate Whitewater committee and Mrs Clinton's Congressional persecutor-in-chief, raised a faint smile as the President praised his wife in the

gallery as a "magnificent mother, wonderful wife, and great First Lady".

Then the camera panned on to Senator Strom Thurmond of South Carolina, 93 years young and staring blankly ahead. And the instant Mr Clinton finished, many Republicans sprinted from the chamber rather than accord the courtesy of applause. But that was just a trailer for the main show.

Pity Bob Dole. Probably history will remember him as a man who should have been President, but wasn't. If so, the reason will be in part his age of 72, which would make him the oldest ever occupant of the White House should he win the election and which even long sessions under the tanning machine cannot conceal. But most damaging of all, he's grumpy.

As he officially responded on behalf of the Republicans, Mr Dole gamely did his best, littering his speech with words like "future", "children" and "youth" and trying to smile. Alas, even Walter Matthau on a bad day looks radiant compared to a smiling Bob Dole. Stiffly he stood there, an old man without vision, parrotting lines about values and "getting the country back on track", unable to resist gibes at young Bill Clinton the "elitist".

A nation must have watched and wondered: is that the best the Republicans have? Mr Dole remains the front-runner for the nomination. But if Tuesday night was a preview of the first debate of the campaign, the President won hands down. In politics, grumpiness doesn't pay.

Rupert Cornwell



Laughing matter: A light moment during the State of the Union session, when, before the address, Newt Gingrich was handed a mock text of Bill Clinton's speech, as Vice-President Al Gore claps

Photograph: Reuter

Warning of Chinese attack prompts 'jitters' in Taiwan

STEPHEN VINES
Hong Kong

Renewed fears of a Chinese attack on Taiwan have been roused by a report in yesterday's *New York Times* that the Chinese government would launch a series of daily missile attacks against the island following the March presidential election.

Such a move, the *Times* said, would be designed to pre-empt moves to secure international recognition for the island's government. Peking views Taiwan

as a renegade province. However, a senior US official said the Clinton administration had "no independent confirmation or even credible evidence" of such a plan, and China's foreign ministry denied the report "totally groundless".

The warnings are reported to have been delivered by Chas Freeman, a former assistant secretary of defence who is among a group of former US officials regarded as "very old friends of China". Mr Freeman's contacts with senior

Peking officials go back to the days when he acted as President Richard Nixon's interpreter during Nixon's groundbreaking visit to China in 1972.

Peking reacted with fury last year when President Lee Teng-hui of Taiwan made a so-called private visit to the United States, a move that appeared to foreshadow the end of Taiwan's diplomatic isolation. But the strength of the Chinese reaction seems to have drawn the United States back to its original "one-China" policy, which offers no scope for recognising the government of Taiwan. China, in turn, has been less aggressive in pursuing its claims.

Now, however, China appears to be worrying that President Lee will triumph in the first-ever democratic election for a Chinese head of state and that he will use his mandate to canvass international support for Taiwan in the US.

The report says that Mr Freeman conveyed China's concerns to Anthony Lake, President Clinton's national security

adviser, on 4 January and that the matter was discussed at a White House meeting of non-government China specialists.

The plan, according to Mr Freeman, is for one conventional missile strike a day for 30 days, not to start a war but to warn the US to keep out of Sino-Taiwanese relations and to persuade President Lee to maintain a low profile.

Mr Freeman, who has previously criticised President Lee in public, confirmed the report. In Taiwan, where talk of Chinese

military action always provokes jitters, officials said the report was unconfirmed, and could not provide a basis for comment.

However, tension between the two sides of the Taiwan Strait is higher now than at any time since the late 1970s, when the two sides last exchanged artillery fire. China last year launched a series of deliberately threatening military exercises off Taiwan's coast and the government in Taipei retaliated with a series of more modest military manoeuvres.

Meanwhile, rumours of preparations for war have multiplied, reaching a peak last November with reports that China had changed its criteria for authorising a military invasion of Taiwan, classifying the island as harbouring a "covert independence movement". Limited military action was justified, therefore, to prevent further breakaway moves.

Officially both the Chinese and Taiwan governments are committed to a policy of reunification but China fears that

President Lee, the first native Taiwanese to head the island's government, is intent on drawing the two states further apart.

Much of the Chinese military pressure has been aimed at undermining confidence in President Lee but the crude methods of intimidation seem to have backfired and placed the President in an unbearable position for the forthcoming presidential elections. China's best hope now is to look for ways to minimise his opportunities for capitalising on his position.

IN BRIEF

US 'blue beret' objector court martialled

Bonn — An American soldier who refused to don the blue beret of the UN peace-keeping forces in the former Yugoslavia was found guilty yesterday of disobeying a lawful order, writes Iain Karatz. Michael New, a 22-year-old army medic serving in Germany, turned out for a parade in his regular US uniform as his unit set off for Macedonia last October. He argued that he had taken an oath of loyalty to the US, and not to the UN, which then commanded peace-keeping forces in the Balkans. He was given a bad-conduct discharge from the army. New is the first member of the US armed services court martialled for refusing to wear UN insignia on his uniform or to accept foreign command on a UN operation.

Ethiopian Jews in 'tainted blood' row

Jerusalem — Ethiopian immigrants were enraged yesterday to learn Israel's blood bank had for years been accepting their donations but disposing of their blood for fear of the HIV virus. The head of the country's central blood bank, Amnon Ben-David, confirmed a newspaper report that virtually all blood from Ethiopians was summarily destroyed without any tests. The newspaper showed a picture of a blood unit marked: "Do not use because donor from Ethiopia". Adiso Masala, of the Organisation of Ethiopian Immigrants, said that of 60,000 Ethiopians in Israel, 300 were infected with the HIV virus. But the Health Minister, Ephraim Sneh, said the rate of HIV among the Ethiopians was 50 times higher than the general population. Reuter



Chain reaction: A man stands shackled at Tokyo's Shinjuku station as police evict homeless people from the building after commuters complained

Photograph: Reuter

Gonzalez ally to be tried over hit squads

ELIZABETH NASH
Madrid

Amid the storms lashing Spain in recent days was a political thunderbolt that threatens to blow asunder Felipe Gonzalez's election chances and possibly wreck his party.

The Supreme Court is to try the former interior minister Jose Barrionuevo, a member of the Prime Minister's inner circle, for setting up a hit-squad against Basque separatists and financing it from ministry slush funds.

The charges, announced yesterday by the Supreme Court judge Eduardo Moner, bring this most serious of the scandals to have eroded the Socialist government's credibility nearer than ever to Mr Gonzalez. For the moment, he is backing his former minister to the hilt.

Mr Barrionuevo, who is on bail, is charged with illegal detention over the kidnap of a French businessman mistaken for an Eta member, with misuse of public funds; and with association with an armed gang, the Anti-terrorist Liberation Group, or Gal.

Mr Moner said "proven facts" pointed to Mr Barrionuevo as organiser of Gal and in particular its first act, the kidnapping of Segundo Marey. The former minister ordered Mr Marey to be held even after he was discovered to be the wrong man, apparently to put pressure on France.

Mr Gonzalez's successor, Alejandro Kwasniewski, another former Communist, has also indicated that early elections may be the only way out of this political crisis, which has almost totally eclipsed the first month of his presidency.

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Utah firing squad in dress rehearsal

Salt Lake City — Five marksmen practised firing on command and a prison worker played the part of a convicted killer as Utah conducted a dress rehearsal for its first execution by firing squad in 19 years. John Albert Taylor, sentenced to die for raping and strangling an 11-year-old girl in 1988, will be led out of a holding cell, strapped into a chair and shot through the heart just after midnight tomorrow. Taylor, 38, will be the first inmate to die by firing squad since Gary Gilmore in 1977. AP

Gaddafi discusses US Muslim role

Tunis — The Libyan leader, Muammar Gaddafi, held talks with the visiting US black activist Louis Farrakhan on the formation of an effective Black Muslim lobby in the US. Libya's official news agency Jana reported that Col Gaddafi and Mr Farrakhan discussed at their meeting on Tuesday "the situation of Muslims in America and the ways to unify, mobilise, and organise them in proper institutions with the aim of getting an important and an influential role in the next US elections". Reuter

Internet dodges ban on Mitterrand book

Paris — Police said yesterday they had paid an informal visit to a provincial French "cybercafe" after it fed a banned book on the worldwide Internet computer network. A police inspector in Besancon, 40 miles east of Dijon, stressed the visit was not part of legal proceedings. The Cafe Web put on the Internet the book by Mitterrand's doctor Claude Guibler, which says the president, who died of cancer on 8 January, lied about his illness for 11 years. Reuter

Polish PM forced to resign over links with KGB man

ADRIAN BRIDGE
Central Europe Correspondent

Poland's Prime Minister, Jozef Oleksy, resigned last night after military prosecutors announced their intention to investigate allegations that he spied for Moscow for more than a decade. "In the name of reasons of state, I have decided to resign," Mr Oleksy said on Polish television. But he firmly reiterated his position that he is innocent.

Mr Oleksy, a former Communist, firmly denied the accusations, which centre around his long friendship with a former Russian diplomat who was simultaneously working as a colonel within the KGB.

In an interview published earlier this week, however, he conceded that the link had been "imprudent". "I think I am guilty of a certain imprudence," Mr Oleksy told the weekly magazine *Polska*. "I can see it very clearly

now, but I did not see it that way at the time," he said.

The allegations against Mr Oleksy have dominated Polish political life since they first surfaced in a dramatic final week of Lech Wałęsa's presidency at the end of last year. According to the then interior minister, Andrzej Milczanowski, Mr Oleksy had passed information, including classified documents, to a KGB agent in Warsaw from the early 1980s until the time he became Prime Minister last March.

Mr Oleksy quickly confessed to having had a long association with the Russian diplomat Vladimir Alganov. But he denied any knowledge of Mr Alganov's KGB activities — or of having provided him with classified information.

For many Poles, the closeness of the relationship — regardless of whether any information was exchanged — has demonstrated a clear lack of judgement by Mr Oleksy. The centre-right

opposition, spearheaded by the former President, Lech Wałęsa, has not surprisingly been buying his blood. More worrying for the Prime Minister, many members of his own former Communist Democratic Left Alliance (SLD) felt he should go.

"Mr Oleksy is being seen as a liability within his own party," said a Western diplomat, adding that many people regarded close contacts with Russian diplomats as having been "OK" until 1989, but not so afterwards.

A gleeful Mr Wałęsa yesterday said that in addition to Mr Oleksy resigning, the country should hold fresh parliamentary elections, not officially due until September next year.

Mr Wałęsa's successor, Aleksander Kwasniewski, another former Communist, has also indicated that early elections may be the only way out of this political crisis, which has almost totally eclipsed the first month of his presidency.

The Orphanage gives these children a home, an education and, above all, a future.

You can help Father Brennan secure their future by helping to sponsor a child at the Orphanage.

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Much of the Chinese military pressure has been aimed at undermining confidence in President Lee but the crude methods of intimidation seem to have backfired and placed the President in an unbearable position for the forthcoming presidential elections. China's best hope now is to look for ways to minimise his opportunities for capitalising on his position.

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international

Chechen rebels deliver hostages to safety

BRIAN KILLEN
Reuters

Novogroznensky — Chechen rebels yesterday released 42 civilian hostages seized two weeks ago in the raid in the neighbouring region of Dagestan which ended in a bloody showdown with Russian troops.

The hostages, looking tired but glad to be going home, left in a yellow bus from a two-storey school building in the

eastern Chechen town of Novogroznensky.

The bus, which followed a convoy of cars with Dagestani officials and religious leaders, wound through a crowd of several hundred Chechens chanting "Allahu Akbar" (God is greatest). Some people perched on trees to get a better view.

Most of the hostages said they had been well treated by the rebels and some exchanged warm farewells with their captors.

Some had been seized on 9 January, when the rebels herded 2,000 people into a hospital in the Dagestan town of Kizlyar to press their demands for Russian troops to be withdrawn from Chechnya after more than 13 months of conflict there. Others were captured in the village of Pervomayskoye near the Chechnya-Dagestan border, where the convoy of rebels and hostages was blocked and surrounded by Russian troops.

The Chechens are still holding some police commandos who were seized outside Pervomayskoye. They want to exchange them for rebels captured by the Russian forces.

The village was almost totally destroyed when the Russian troops stormed it. But a group of rebels broke out of the besieged village, through Russian lines, and took some of their hostages with them.

"They were good to us. We

had no problems. It was like brother to brother. A new life began for us after we sat for three days under the bombing in Pervomayskoye," said Ruslan Magomedov, 23, a businessman from Kizlyar.

Another hostage, Anatoly Zdebsky, 25, said he was happy to be going back to his family and bore no grudges against the Chechens. "They kept us in various homes, looked after us and fed us well," he said.

The buses crossed the Chechnya-Dagestan border at about 5pm Moscow time in the direction of the Dagestani town of Khasavyurt, reported Tass news agency.

Before the release there was a meeting in the school attended by the Dagestani delegation and Chechen rebel leaders including the commander-in-chief, Aslan Maskhadov. Salman Raduyev, who led the rebel raid in Dages-

tan, was also there. A member of the Dagestani parliament, Gadjji Makhachev, told the meeting that the group to be released were not really hostages.

"These lads saved their lives," he said, referring to the fact that the rebels had taken them out of Pervomayskoye during the attack by the Russian forces. "The Chechens said we could take our people home. They are our neighbours."

Mr Maskhadov told the au-

dience that the rebels were not bandits. "We are not terrorists and banditry," he said.

Moscow — Six Russian soldiers were killed and two wounded in attacks by separatist rebels on Russian positions in Chechnya in the 24 hours up to yesterday afternoon. Interfax news agency reported that "illegal armed bands" had made 19 attacks in all, 13 of them in the capital Grozny.

Moscow to join rights grouping

TONY BARBER
Europe Editor

The Council of Europe, one of the most important institutions linking Western and Eastern Europe, is expected to admit Russia today despite reservations about President Boris Yeltsin's Chechnya crackdown. Although some members of the council's parliamentary assembly are critical of Russia's human-rights record there, most take the view that there is a better chance of encouraging change if Russia becomes the council's 39th member-state.

The Strasbourg-based body was established in 1949 to promote human rights and democracy. Originally exclusively West European, it expanded after Communism fell to include East European states, for which membership serves as a seal of approval for their new democratic systems.

The council's secretary-general, Daniel Tarschys, of Sweden, said the council would not hesitate to take Russia to task if its performance failed to come up to scratch. He said the council could suspend member-states, a fate that befell Greece during the 1967-74 dictatorship and Turkey after the 1980 military coup.

The council has been eager to embrace new members from Eastern Europe but has tried not to water down standards. Thus the rump Yugoslav state, comprising Serbia and Montenegro, had its "special guest" status withdrawn in June 1992 because of its role in fomenting the wars in Croatia and Bosnia.

Last year Russia's application was frozen over the Chechnya intervention, which has killed 20,000 civilians. The council assembly lifted the freeze after it appeared true talks were making progress but violence has recently been rising again.

On Tuesday Mr Yeltsin said rejection would be interpreted as support for "Chechen terrorists". But Sergei Kovalev, one of Russia's most respected human-rights campaigners, said the council should attach tough conditions on Chechnya in return for admitting Russia.

Burundi misery as 7,000 refugees flee 'no-go' area

DAVID ORR
Uvira, Zaire

A ragged and barefoot group gathers around Leonard Niyizigama, backs hunched against the wind that whips across the dusty hillside. Occasionally one of the group nods or murmurs in agreement as the story unfolds. It is a drama in which they have all played a part, for they have all fled their homeland in similar circumstances and have suffered similar hardships.

"I and my family were living in Cibitoke," said Mr Niyizigama, glancing over his left shoulder towards the Burundian border, which lies about 10 miles away among the green-blue hills. "Then the army came. We heard they were looking for guerrillas but then they began killing ordinary people... I ran away with my wife and children... We had to hide for many days in the forest. We crossed the River Rusizi at night because the soldiers shoot at people crossing during the day."

Mr Niyizigama and his family are among more than 7,000 Hutu peasants who have recently fled into eastern Zaire from the Burundian provinces of Cibitoke and Bubanza. In all, more than 100,000 Burundian refugees now languish in the Uvira region.

A man with his arm in a sling pointed to a scar on his arm. He said it was from a bullet wound he received when Burundian soldiers shot at him near the border. All the men and women in the group said they had lost friends or family members in attacks by the Burundian military. But Médecins sans Frontières personnel said they were seeing relatively few bullet wounds; most of the seriously wounded, they assume, are not making it across the Rusizi River.

These people scoff at the suggestion that they might go home. It is too dangerous, they say. There must be peace and justice before they can return. And the army must become properly integrated with both Hutus and Tutsis in its ranks. For the moment, they say, they have no confidence in the gov-

ernment and, in any case, it is the largely Tutsi army that controls the country.

The north-western provinces have become a virtual no-go area. The Burundian military contends that its operations are directed at Hutu guerrillas who have recently become more organised, ambushing travellers and blowing up electricity and water installations. The evidence of the refugees turning up in Zaire, however, would seem to indicate that the army is far from discerning in its choice of targets.

Aid agencies, too, have suffered repeated attacks. Before Christmas, all the aid organisations, with the exception of the United Nations High Commissioner for Refugees, pulled out of the region. "We are now moving back," said a World Food Programme spokesman. "... but until we can get some assurance from the local administrators, we cannot be sure that we are safe."

It is thought unlikely that Burundi will be consumed by the same kind of genocide as witnessed in neighbouring Rwanda in 1994, if only because the two ethnic groups have been largely segregated; the Hutus in the countryside and the Tutsis in the towns. However, neither is there any evidence that the slow-burning civil war that broke out after the assassination in October 1993 of Burundi's first elected Hutu president, Melchior Ndadaye, is about to stop. Since the assassination extremists from both sides have become embroiled in a conflict which the government, a coalition of Hutu and Tutsi parties, seems powerless to stop.

■ Ngara, Tanzania (Reuter) — A senior Tanzanian official said on Wednesday his country was allowing in 16,000 Rwandans fleeing ethnic violence in Burundi despite playing host already to hundreds of thousands of refugees. Brigadier-General Sylvester Hemedi, district commissioner for Ngara area, said the decision was a humanitarian one and did not mean the border with Burundi, closed last year, was officially reopened for refugees.



Scant hope: An exhausted Hutu woman, one of thousands of terrified Burundian refugees, sitting in a makeshift camp at Murama. Photograph: AFP

Palestinian exiles start long trek home

PATRICK COCKBURN
Jerusalem

In 1972 Bassam Abu Sharif, a member of a militant Palestinian party, opened a booby-trapped copy of *Diary of Che Guevara*, sent unexpectedly to him in the post. It exploded, tearing off three of his fingers, blinding him in one eye and destroying his hearing in one ear.

This week he was one of the first of what is expected to be a large number of members of the Palestinian resistance who will return to the West Bank and Gaza in the next few weeks.

Their return follows Israel's announcement that all members of the Palestinian parliament-in-exile, the Palestine National Council, can return to the autonomous areas.

Israel wants the council to remove from its covenant the clause that calls for the destruction of Israel.

However, Nayef Hawatmeh, leader of the Democratic Front for the Liberation of Palestine (DFLP), said in Damascus that he was against returning under Israeli conditions. He called the Israeli offer a "studied plan to dismantle the PLO establishment".

"We are ready, leadership and members, to return home," said Mr Hawatmeh. "But that should not be under the conditions set by [Shimon] Peres," the Israeli Prime Minister. Speaking of the covenant Mr Hawatmeh added: "We refuse to recognise an Israel which does not recognise the right of the Palestinian people to self-determination."

The West Bank and Gaza

will be the centre of Palestinian political life in future," said a Palestinian observer who has just returned from exile. Mr Hawatmeh never had much support in the occupied territories and the DFLP split five years ago. Along with the Popular Front for the Liberation of Palestine (PFLP) of George Habash, Mr Hawatmeh's organisation did not take part in Saturday's election.

Yasser Arafat, now elected President of the new Palestinian authority, once depended on the refugee communities of the diaspora. In 1970 they fought for him in Jordan, after which he transferred to Lebanon. Thousands were killed in the Lebanese civil war and during the Israeli invasion. Many of them feel betrayed today.

Defeat in Lebanon and the start of the *intifada* in 1987 began to make the West Bank and Gaza the decisive arena in Palestinian politics. In private Palestinian officials now acknowledge that Israel will not take back refugees from 1948.

Final election results show Palestinian voters likely to stand up to Mr Arafat. There were many votes for Hanan Ashrawi in Jerusalem, Saleh al-Tamari in Bethlehem and Haidar Abd-Shafi in Gaza who has criticised Mr Arafat. Powerful local families in Hebron, Nablus and Gaza whom Mr Arafat has cultivated all did badly. This shows voters might have supported the PFLP and PFLP had they not boycotted the election.

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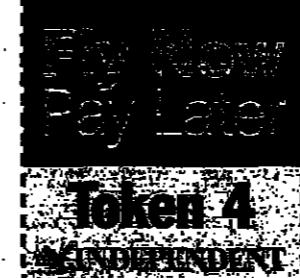
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Single currency: Doubts spark a 'credibility crisis' Brussels fights to stem panic as EMU totters

SARAH HELM
Brussels
TONY BARBER
Europe Editor

Doubts about the timetable and conditions for the creation of a European single currency rose to fever pitch yesterday.

Valéry Giscard d'Estaing, the former French president, joined the ranks of senior pro-European politicians who have warned that imposing rigorous EMU conditions during an economic downturn could damage European economies and the stability of the European Union itself.

The European Commission was yesterday desperately trying to shore up confidence in the plans to merge leading EU currencies by 1999. But the Commission has been infuriated by the remarks earlier this week of its former President, Jacques Delors, who suggested that the target date set by the Maastricht Treaty in 1991 might have to be abandoned.

There was also consternation at the remarks of Carlos Westendorp, the Spanish Foreign Minister, who said there was a secret understanding between European governments that EMU could not go ahead with France, Germany and the Benelux countries alone. Unless one other large country – Britain, Spain or Italy – was prepared to join by 1999, the EU would have to "stop the clock" on the whole project, Mr Westendorp said. "We are in a situation of a credibility crisis in the entire project."

German belts tighten as jobless total passes 1929

IMRE KARACS
Bonn

Battered by rising unemployment, workers, employers and the German government yesterday joined forces in an effort to halve the number of jobless by the year 2000.

After long talks at Chancellor Helmut Kohl's office, the three sides unveiled a pact to create jobs, cut the welfare state, reduce taxes and implicitly help Germany meet conditions for the creation of a single European currency in 1999.

"We have an accord which lays out principles upon which we can work to form a consensus and create better conditions for increasing employment," said Günter Rexrodt, the Economics Minister.

Although the package will not be released until next week, officials indicated their attention will focus on reducing the employers' burden. Social security contributions are to be cut over six years, mirrored by a reduction in the welfare budget. There will be help for medium-sized enterprises and growth will be stimulated by infrastructure projects funded by local authorities. Employers agreed to increase apprenticeships by 5 per cent, curtail overtime and create more part-time jobs.

The unions are paying a heavy price. By agreeing to



His proposal for an "Alliance for Jobs" between labour and capital was the catalyst for yesterday's breakthrough, described by one minister as "unparalleled in Europe".

The workers also implicitly accepted cuts in the welfare state. Unemployment benefits are to be reduced by 3 per cent each year. Although the unions staved off attempts to abolish the generous early-retirement schemes, the government has won the battle to raise the normal pensionable age.

The pact comes amid apocalyptic predictions of a crash on a Weimar scale. Unemployment, expected to reach 4 million within the next month, has passed the 1929 level. Forecasts for growth hover barely above 1 per cent. Almost every day there are more lay-offs. Daimler-Benz, the flagship of German industry, reported earlier this week losses of 6bn marks (£2.6bn) for 1995. About 8,000 workers at a Dutch subsidiary and 1,200 in Germany are about to land in the dole queue.

Now industry has got an agreement that it hopes will reverse its fortunes. But it seems inevitable that the government's budget will be stretched for some time to come, and will exceed the target set by the Maastricht treaty for European monetary union.

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French union threatens more action against welfare reform

MARY DEJEVSKY
Paris

There were fears yesterday of renewed labour unrest in France as the CGT trade union – one of those at the forefront of the strikes last November and December – called for a national "week of action" starting on 5 February. The union said it wanted to force the complete withdrawal of the government's plans for welfare reform.

The franc immediately fell at the news: the success of the retrenchment plans is essential to French hopes of joining the European Monetary Union by the 1999 timetable.

The CGT's call came on a day when the government put into place the first main elements of its controversial reform, approving two sets of measures designed to restore the welfare system to financial soundness. A third element, the constitutional amendments required to give parliament ultimate responsibility for welfare spending, should be approved today.

Both the union's call to arms and the details of the measures

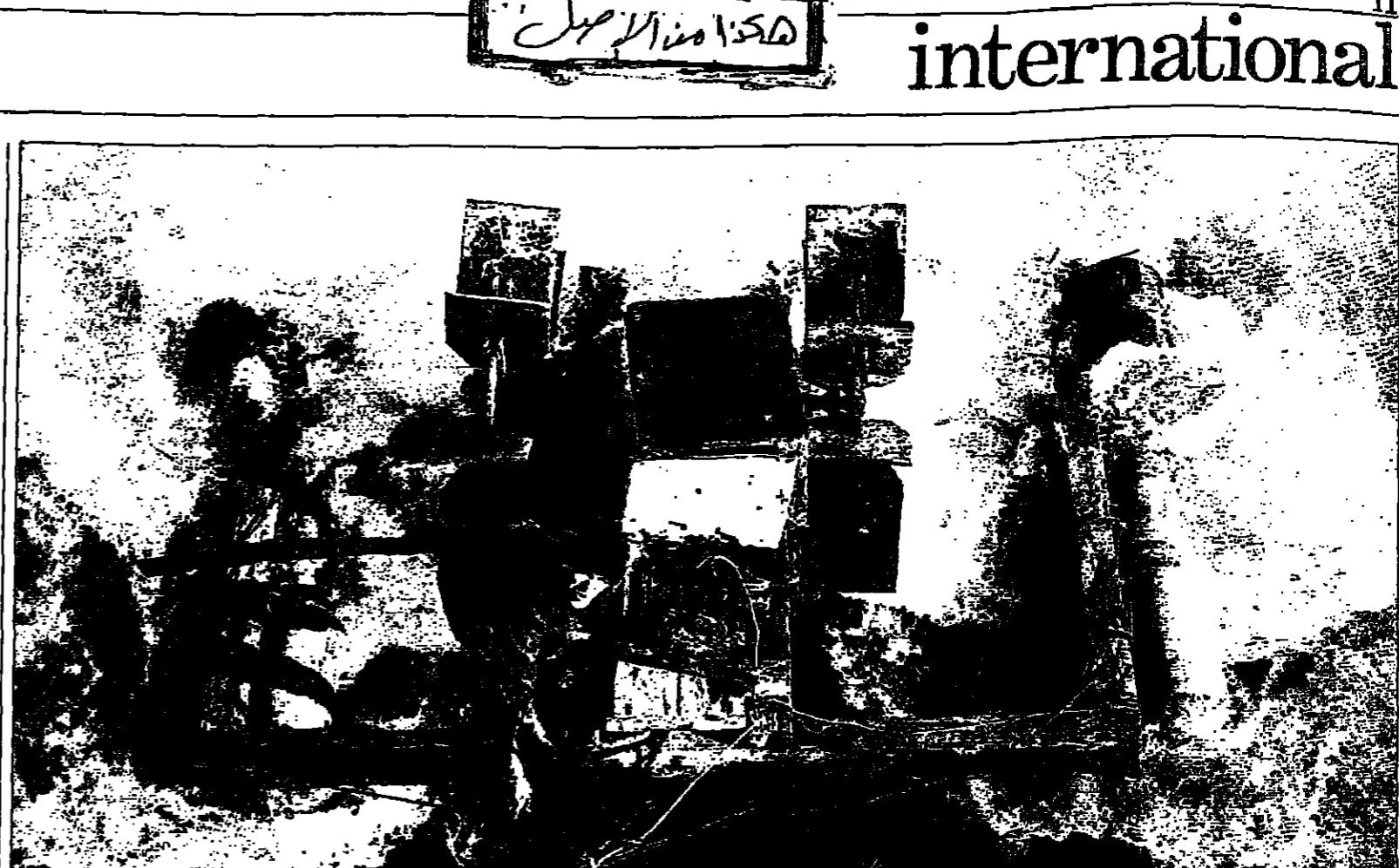
seemed to give the lie to the view, canvassed in the French media, that the intended overhaul of the welfare system had been emptied of all its worth by the compromises forced on the Prime Minister, Alain Juppé.

As the price for securing an end to the strikes, Mr Juppé conceded almost all aspects of the reform that lay outside the immediate control and restructuring of health and welfare spending. He abandoned the review of public sector conditions and pensions, postponed a reform of income tax, shelved the restructuring plan for the national railways and approved more money for universities.

In subsequent compromises, the doctors forced the withdrawal of a tax of 1 franc on all prescriptions they issued; opposition from inside the majority Gaullist coalition then forced a month's postponement in the introduction of a new tax to pay back the accumulated debt of the welfare system and the abandonment of tax family allowances.

There are to be financial sanctions on doctors who spend beyond the budget limits set by the government. The freeze on family allowances for 1996 was also confirmed.

But it is the special tax to repay the welfare debt – known as the RDS (*remboursement de la dette sociale*) – that will come as the greatest shock and could fuel the unions' call for action. The RDS comes into force next month: a 0.5 per cent levy on all income.



Power to the people: Repairing a makeshift generator on the Drina river yesterday, as life returns to the Bosnian enclave of Gorazde. Photograph: AP

EU officials approve ban on veal crates

KATHARINE BUTLER
Brussels

At a packed press conference in Brussels yesterday Jacques Santer, President of the European Commission, attempted to hold the line, arguing that stopping the clock would "not stop the 21st century", and saying it was "irresponsible" to sow the seeds of doubt.

However, Mr Santer suggested for the first time that the Commission might consider a review of the EMU membership rules, as proposed by Mr Giscard d'Estaing. Under the plan put forward by the former French president the economic performance demanded of countries wishing to join EMU could be relaxed if the economic cycle was heading downwards. Such a plan would run into stiff opposition from Germany.

Mr Santer's aids were yesterday reported to be "spilling blood" over Mr Delors's intervention. "The view is that he is the guy who got us into this trouble. It was he who proposed such rigid criteria. If there is any finger-pointing to be done it should be at him," said one official.

This week's crisis – sparked by poor economic figures and forecasts in Germany and France – has revealed for the first time that European leaders are beginning actively to examine mechanisms for delaying monetary union. Some experts in Brussels are discussing whether there is a mechanism for calling a delay under the existing Maastricht treaty. Commission officials are currently drawing up a legal opinion which, sources say, will affirm that there is no means of calling a delay without rewriting the Maastricht treaty.

The EU is not due to name participating countries until early 1998, and the decisions will be made on the basis of 1997 economic performance. For this reason, it is unlikely that an announcement delaying or revising the timetable is imminent.

Adopting the Giscard approach – relaxing the EMU conditions rather than the timetable – would mean that countries would not be obliged to bring their budget deficits to 3 per cent of GDP or below in 1997, but could allow them to run slightly higher. Such a liberal interpretation would favour many countries that are having trouble reducing their deficits in time, notably France, although Germany also overshot the target last year.

But Germany's Finance Minister, Theo Waigel, has set out conditions so diametrically opposed to those of Mr Giscard d'Estaing that it is hard to see how they could be reconciled. He says governments using the Euro currency should ideally run deficits of no more than 1 per cent of GDP, should be fined if they break the rules, and should be expelled from the single-currency arena if they are persistent offenders.

Still, it appears that a frantic search is on for ways to prevent the collapse of the 1999 timetable. "If we fail, I fear we will start an irreversible disintegration process," said Belgium's Prime Minister, Jean-Luc Dehaene.

Leading article, page 14

producing nations holding the EU presidency until July, agreement could be stalled until the autumn.

Animal rights groups have already complained that the proposals do not go far enough fast enough, but yesterday's agreement nevertheless represents a breakthrough for campaigners. British protesters have waged the most relentless campaign, disrupting the live export trade with Italy, one of the big pro-

duced nations holding the EU presidency until July, agreement could be stalled until the autumn.

The EU Agriculture Commissioner, Franz Fischler, who drafted the plan, has had to bow to producer lobbying with a 10-year transition period, but is emerging as more sympathetic to animal welfare concerns than any of his predecessors.

The Commission yesterday

confirmed the approach outlined last month, which calls for a ban on new crates from January 1998. Farmers who are already using crates will have until 2008 to switch to loose housing.

The Commission warned it will soon issue new rules forcing producers to vary calves diet; milk feed used to guarantee white meat will have to be supplemented with iron.

Yesterday Mr Fischler explained the 10-year delay as striking a balance between campaigners' demands and stability in the markets. However, the fate of the proposals depends on the extent to which France, the biggest veal producer, can muster support in the Council of Ministers. Italy may seek a compromise if producers are promised compensation.

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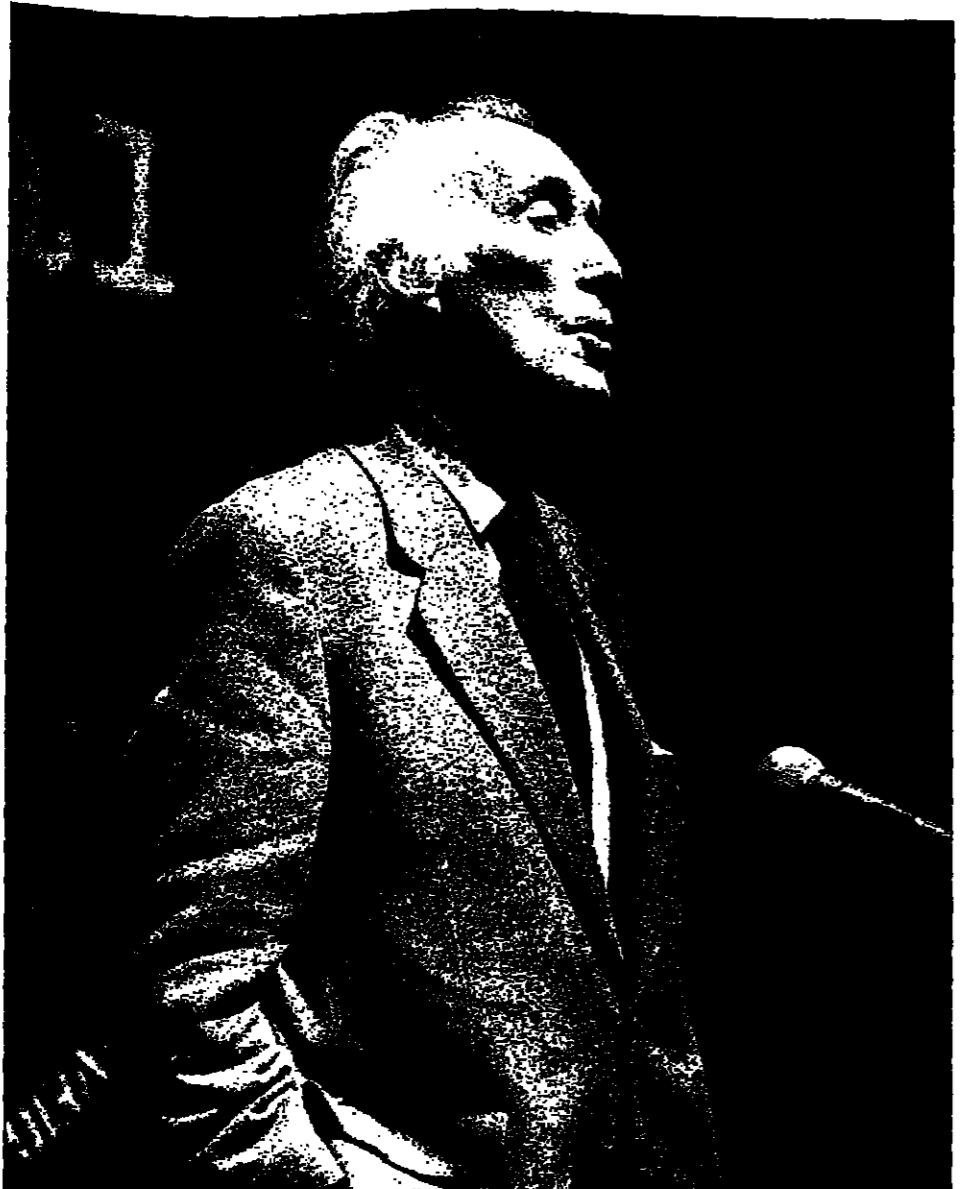
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MacCaig reading at the Poetry International Festival, London, 1990

Photograph: David Hunter / RPH

Norman MacCaig

Joe, the young barman in the Auld Clachan (not one of the howffs which MacCaig frequented) said when I showed him the front-page news, "I guess he'll be more famous now than he's dead." It was typically modest of Norman MacCaig not to die on Burns' birthday, but good, if a death can be good, that it came in a week when people need reminding that Scotland has other great poets.

Joe went to one of the few schools in Scotland which MacCaig did not visit, under the Scottish Arts Council Writers in Public Scheme. While auld wives on the Edinburgh buses have been mourning the loss of the city's special poet, there are kids all over Scotland who studied MacCaig's poetry for exams but, more importantly, saw this ravaged Caesar stride into their lives and read perfect poetry to perfection.

I don't know if Ali Smith, the brilliant young short-story writer, first encountered him that way, but when Joy Hendry gathered together the tributes of scores of Scottish writers to celebrate Norman MacCaig's 85th birthday last year, Smith, who lives in Cambridge now, came up with one of the best.

"Whenever I travel to the rail track home / I can't help it, I think of that casual MacCaig poem / The one where he's sitting smiling to himself on the London/Edinburgh train / soaring

ing North, yes, here we go, here it comes again."

Scotland has three languages for poetry. MacCaig was the English of Edinburgh, where he was born, and became a primary-school teacher, never aspiring to be greater, in a worldly sense, than that, though later both Edinburgh and Stirling Universities were honoured to have him on their staff, talking to students about writing with that aversion to bulkish which was his hallmark. The surprise was that this elegant, modest man was the closest friend of King Bullshit, Hugh MacDiarmid. They were diametrically opposite. MacDiarmid wrote huge sprawling poems about everything under the sun, especially politics and Anglophobia. MacCaig, a pacifist who suffered for his principles in the Second World War detained in Wormwood Scrubs, wrote frequently, with vast affection, before and after MacDiarmid's death, about his tankie friend. But MacCaig's politics, what you see in his verse, were those of the independent individual. They are short poems. Each makes, incisively, its point. The affinity, as many have pointed out, is with Herbert and Hobart and other great poets of post-war Eastern Europe.

Hard work as a primary-school teacher. Weekend evenings in Milne's Bar, in Rose Street, by Hanover Street, just off Princes Street, by the Mound. There he formed one of a legendary quadrumvirate: MacDiarmid, if he was up from Biggar, Sydney Goodsir Smith, and Robert Garric. The other three wrote, or had written, in Scots. They were all very much aware of the great Gaelic poet Sorley MacLean. In MacCaig's verse, you hear, enunciated or echoed, the three leids. And the substratum is Greek and Latin. He studied Classics at Edinburgh, after going to that school steeped in Classics, the Royal High. He talked about the Celtic feeling for form which he derived from Gaelic forebears, not, usually, about that grounding. But he wrote, in a poem called "Aesthetics", "Words with Greek roots / and American blossoms / have taken over the pretty garden."

Summers in Lochinver. Sullen, his special mountain. Fishing, walking, "look up / at the eagle idling over / from Kylescu / I look away / at the shattering waterfall / of Loch Cama." Sorley MacLean wrote that MacCaig had given the Sutherland landscape new meaning. He honoured his Gaelic grannies in very beautiful English.

The career was extraordinary. I am tempted to write "by-ordinary". One of the things which MacCaig confessedly loved about MacDiarmid was the old man's rescue of Scottish

expressions. MacCaig was into his thirties before he published two books of poems. These belonged to the Neo-Apocalyptic School, rampant on the "Celtic Fringes" in the 1940s. Later, he disowned them to the extent that one fancied that only an innate respect for scholarship prevented him destroying the copies lodged in the National Library of Scotland.

As that school went, they weren't bad. He came into his own, though, in his forties, with *Riding Lights*, published in 1955. At this point he might be, and was, mistaken for a Scottish relative of the Movement. He wrote, Celtaically, in formal measures. Another book in the Fifties, and acclaim. Then the verse relaxed. Five books in the Sixties, increasingly deploying that throwaway-seeming free verse. Five later ones, written at an age when most poets have given it up for golf. The New Collected Poems, of 1990, did and did not round off a reputation. Even after that, full young and old in Edinburgh (and I must add, Glasgow and Inverness) listened avidly for the itch of his scribble.

MacCaig had no religious convictions, though his poetry is infused with the seriousness of the Presbyterian tradition. He had no party politics, though rumour insists that he voted SNP. MacDiarmid blurts it all, wonderfully, up front. MacCaig's messages are about quiet decency, in quiet places.

Angus Calder

Norman Alexander MacCaig
poet; born Edinburgh 14 November 1910; FRSL 1965; Fellow in Creative Writing, Edinburgh University 1967-69; Lecturer in English Studies, Stirling University 1970-72; Reader in Poetry 1972-77; OBE 1979; ARSA 1981; FRSE 1983; Queen's Gold Medal for Poetry 1986; married 1940 Isabel Munro (died 1990; one son, one daughter); died Edinburgh 23 January 1996.

Léonor Fini

In the 17th century Léonor Fini would have been burnt as a witch. Surrounded by cats, and with feline eyes herself, she exuded what her one-time lover Max Ernst described as "Italian fury, scandalous elegance, caprice and passion." In photographs you would take her for beautiful in the manner of Bianca Jagger but, according to the American art dealer Julian Levy, she was not a beauty as such, in that "Her parts did not fit well together: head of a lioness, mind of a man, bust of a woman, torso of a child, grace of an angel, discourse of the Devil..."

Levy confirms my belief that if she had been born in the age of the extra teat and the familiar, this lady was for burning. "Her allure," he says, "was an ability to dominate her mistified parts so that they merged into whatever shape her fantasy wished to present from one moment to the next." You can almost hear the faggots crackle.

Léonor Fini was of mixed Spanish, Italian, Argentinian, and Slavic blood, a formidable

genetic cocktail. She was born in Buenos Aires in 1908 but grew up in Trieste. Her formal education was, as might be imagined given her independent and imperious temperament, fragmentary, but she had the run of her uncle's large library in Milan, and also travelled widely in Italy and Europe visiting all the museums and taking in such then unfashionable painters as the Mannerists, a school later reflected in her own work. In reproduction she was to add Beardsley, the German Romantics and the British Pre-Raphaelites – all evidence of a Surrealist eye.

For Whitney Chadwick, the eminent author of that remarkable and very carefully titled book *Women Artists and the Surrealist Movement* (1985), she is a hero, as indeed are any of the women Surrealists who failed to be seduced by Breton's good manners and formidable charisma. He in his turn was shocked – for he was in many ways extremely puritanical – by her sometime scandalous behaviour and her fondness for the company of homosexuals (Breton was for whatever reason a ferocious homophobe).

How good an artist was she? Not a great one, certainly, but a very interesting one. There are echoes of de Sade (at one point she illustrated his *Usance*) but it is de Sade for *Vogue*. Even in her most extreme imagery Fini remained totally in control. In 1949 for example she painted a

picture called *The End of the World*, an apocalyptic enough subject, you might have thought. It shows a young woman up to her breasts in black swampy water on which float the skulls of various creatures under a red sunset. I have my suspicions that this may have its origins, given Fini's enthusiasm for the Pre-Raphaelites, in Holman Hunt's *The Scapegoat*, but, whereas Hunt's vision is tragic if slightly absurd, Fini's, as often, is rather absurd. She, for example, has

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alarmed by her depictions of it. That astute critic the late Robert McElville described one of her corpses as "a bright green cadaver daintily spotted with magenta blood." Even death is turned "all to prettiness and favour".

Yet there's nothing wrong with camp, after all, "the lie that tells the truth", and especially in her *Sapphics* paintings Fini achieved high camp of the first order. While she claimed categorically not to be a lesbian but, open to, everything, the temperature rises only when two of her elegant and immaculate girls are involved. On the other hand her men (or, to be more accurate, youths) are balletic and androgynous, lounging about lethargically, toyboys in a precise sense. It is the tall and seriously beautiful women, more often than not self-portraits, who one feels will direct or have directed the action.

Hérone Fini was indeed obsessed with death, but somehow the spectator is not at all

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THE INDEPENDENT

FOUNDED 1986

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Better late than never for EMU

Plans for a single European currency are in serious trouble. Its supporters should ease up or risk the project blowing up in their face.

Even the great Europhiles of the Continent are starting to worry. On Tuesday, Jacques Delors, the former president of the European Commission, admitted he doubted the timetable for European Monetary Union could be met. Yesterday, the former French President Valéry Giscard d'Estaing called for a relaxation of the economic criteria that countries have to meet before the currency can be created. Spain's Foreign Minister, Carlos Westendorp (known as "Mister Europe"), called for the deadline of 1995 to be put back, saying that the project was sinking into a "credibility crisis".

In response, Jacques Santer, the European Commission President, yesterday speaking at the end of an ill-timed show designed to market the "Euro", rejected a delay.

The trouble for Mr Santer is that the growing doubts about the EMU timetable are unlikely to fade. That is because the Maastricht treaty on monetary union did not anticipate the sharp slowdown in the European economy in the past six months. Only countries that meet strict economic criteria can join the common currency. Most countries already have lower inflation than Maastricht demands. But on another key condition even Germany is not doing too well, with a budget deficit above the 3 per cent of national income that the treaty allows. In France, the prognosis is much gloomier. Slow growth means tax revenues are lower than expected, while public spending remains high to cope with unemployment. German and French efforts to reduce their budget deficits by cutting spending or raising taxes risk slowing their economies even further, making the problem worse.

The political costs of forcing France into the Maastricht strait-jacket are even more

severe, witness the strikes that crippled much of the country late last year and exposed the frailty of the French ruling élite.

All of this will be music to the ears of British Euro-sceptics. But they would be foolish to start celebrating the demise of the Euro prematurely. With an effort, Germany will probably be able to meet the Maastricht criteria by 1999. The fact that countries should not unite their currencies yet under the current Maastricht criteria doesn't mean they shouldn't unite at all. The German mark will still dominate European currency markets regardless of whether there is EMU. In many respects we have already lost a lot of discretion over monetary policy to the Bundesbank. At least a European central bank would set interest rates, taking account of the needs of all EU states, rather than giving European priority. The case for a single currency remains strong. But the case for delaying its introduction, perhaps till 2001, has got stronger.

There is an alternative. Delay might be interpreted by the public and the markets as a loss of purpose and direction. Another way out would be to stick with 1999 but relax the Maastricht criteria. Instead of the 3 per cent ceiling on the budget deficit, a broader definition could allow countries with sound economies to borrow more in times of recession. Mr Santer has said he might consider this. The Germans wouldn't be happy, of course, strict economic criteria are essential to persuade the Bundesbank and the German public to give up their precious mark.

But something, somewhere is going to have to give. Monetary union without the French is inconceivable. Yet for France and others to join under the current criteria risks associating EMU with deflation and recession. Political and economic pain could make the Euro untenable, irreversibly damaging the whole European project. Europe needs to heed its elder statesmen and ease up on EMU.

Sad tale of a modern-day Juliet

Sarah Cook makes an unlikely romantic heroine. The dumpy girl from Braintree, in Essex, fell in love with her Turkish Romeo after sharing a bottle of pop on a beach. At first sight, she seems to share very little with the most famous tragic heroine our culture has produced: Shakespeare's Juliet. Apart from one thing, that is: 13-year-old Sarah Cook got married at the age that Juliet gave her life to Romeo.

Shakespeare would not have shared our bemusement with Sarah Cook's marriage to Musa Komeage, a waiter. Britain has been outraged, a sure sign that it is also confused. What were her parents doing, smiling at the wedding? Why did they let her do it? The girl must be very sad, disturbed or misguided, we are told, she needs saving from herself. A society hyper-alert to the dangers of child abuse is put on guard to protect Sarah Cook from the exploitation that threatens her.

We are in serious danger of over-reacting. Attitudes towards the acceptable age at which we should marry are largely determined by culture. As people marry later, partly because of longer life expectancy and extended years of fertility, it becomes more incomprehensible that anyone could wish to tie the knot in their teens, let alone before the age of 16. We turn a blind eye to young people having sex at an early age, but we find the idea of them marrying young unacceptable because we do not think they are emotionally ready for such a commitment.

It is true that Juliet's father revealed hopes that strike a modern chord. He wished to "let two more summers wither in their pride, ere we may think her ripe to be a bride". But his daughter's youth was not the major obstacle to her alliance with Romeo. Likewise, it seems Sarah Cook's marriage in Turkey, although illegal there just as it would be here, is far less frowned upon than it would be if it had taken place in Essex. Young marriages are traditional in rural areas of Turkey, although the earliest allowed is at 14 years and then only with special permission.

All this suggests Sarah Cook's case should be treated with more sensitivity. She needs protection in case everything goes dreadfully wrong and she has to flee home. But it would be a mistake for her husband to be tried for rape given that all parties, including the two families, consented to the marriage. Equally, talk of placing Sarah in a children's home is heavy-handed and legalistic. Whatever the imperfections of her life in Turkey, council care is no solution. Indeed, it may be the worst possible place for her.

From Mr Ronnie Lendau

Sir: Does no one remember that the former leader of the Labour Party (shortly afterwards to be Prime Minister) Harold Wilson, trailblazing pioneer of comprehensive education and head of a party still wedded uncompromisingly to ideological "old" socialism, openly sent his two sons to one of north-west London's leading independent day schools (yes, fee-paying – he even shunned the local grammar schools)?

I do not remember Wilson or other socialists who did likewise, being roundly condemned by his party, by the media or by holier-than-thou Tory opportunists. On the contrary, it was recognised then – as I believe it should be now – that, while unity of theory and practice may be generally desirable, not every personal decision taken (even by a politician) is necessarily a political one. There are some actions one takes as a parent that can be described as being of a purely "parental" nature.

What has changed in the intervening three decades is the cancerous growth of an increasingly amoral, obsessive and vindictive press – tabloid and broadsheet – which, in its hunger for "celebrity" blood, resembles nothing so closely as it does a lynch mob.

Yours faithfully,
R. S. LANDAU
London, N12
23 January

Notes about airport food

From Mr Egon Ronay

Sir: In the context of my having condemned three foreign airports in comparison with Heathrow, Simon Calder (Travel column, 20 January), mentioned that I have been working for four years for BAA on improving the standard of food (in 130 catering outlets).

My integrity has never been doubted and, on my comparative visits to Schiphol, De Gaulle,

Frankfurt and Heathrow airports, a member of my special airports inspection team and an independent representative of the Press Association both took detailed notes of every tasting of some 200 food items.

The Press Association's man completely concurred with our findings. Our separate notes are available for examination and they would put Mr Calder's mind at rest.

Yours faithfully,
EGON RONAY
London, SW3
23 January

No poverty of ideas here, Delia

From Ms Betty Cairns

Sir: If Dr Linda Smith follows Louise Levene's advice (17 January) and produces a basic cookery book for people with little knowledge or cash, she will be in very illustrious "cooking" company indeed.

Both Fracatelli, Queen Victoria's chef, and the great Alexis Soyer of the Reform Club produced just such cookery books, giving advice on utensils and cheap nourishing dishes. The emphasis was very much on soups and various "puddings" to eat with meat and fish, and the recipes were geared to large poor Victorian families. Soyer's *Shilling Cookery Book for the Artisan* sold 264,000 copies in 13 years, a vast sale for those days.

Soyer also produced a *Charitable Cookery Book* for use by those running soup kitchens, several of which Soyer funded himself.

Possibly our current cookery

books may care to consider Soyer's comment, in his *6p Cookery Regenerator* (all profits to the Irish famine fund)

it requires more science to produce a good dish at a trifling expense than a superior one with unlimited means.

Yours sincerely,
BETTY CAIRNS
London, N22

EU decision on Euro campaign

From Mr Geoffrey Martin

Sir: It is not the case that the British government has blocked the European Commission from extending a single currency campaign to this country ("Britain bars publicity campaign for 'Euro'", 23 January).

I and my colleagues have stated publicly that an advertising or propaganda campaign would be counter-productive, not least because the British Parliament has still to decide whether the UK will join the single currency. However, if people or organisations wish to find out more about the issue, whether here or in other member states, it is only right they should be able to do that and we will provide them with the necessary facts.

This is a position with

the President of the Commission entirely concurs. It may be that, for its own purposes, the Government wishes to propagate the view that it took the decision or was somehow able to "block" the Commission, but that is simply not the case.

Yours faithfully,
GEOFFREY MARTIN

Head of Representation in the United Kingdom

The European Commission

London, SW1

Stakeholder precedents

From Dr Michael de Podesta
Sir: I have been surprised that, in the debate on the concrete meaning of the term "stakeholder", little attention has been drawn to the relevance of developments in the ownership of building societies. The mutual structure of building societies made stakeholders of both staff and customers, investors and borrowers. At the instant at which the societies are privatised, this stakeholding is preserved since the institution is still owned by its staff and customers. However, as share ownership by customers becomes diluted over the years, it becomes in the interests of ex-members wearing a shareholding hat to seek higher returns on their "investment".

A third aspect is the contribution which such parents can make to the life of the comprehensive school by taking part in the official and unofficial channels which exist to improve standards and maintain the morale of hard-pressed teachers and governors.

Perhaps it is too early to speak of a *trahison des clercs*, but my mind is certainly running in that direction.

Sincerely,
PETER BRADBURY
East Bergholt, Essex
22 January

The writer was a divisional education officer in the Inner London Education Authority, 1970-81

Building societies are (or were) examples of how stakeholding could exist in a real complex world. However, the destruction of mutuality by get-rich-quick merchants at the head of the societies shows how delicate mutual structures are, and how they must be protected by law. Share ownership – unless restricted to customers and staff – is not stakeholding; it's just plain old capitalism.

Sincerely,
MICHAEL DE PODESTA
Birkbeck College
University of London
London, WC1
22 January

From Mr Larry McLean
Sir: The "stakeholder society" is what we Liberal Democrats have been advocating for at least 60 years. Remember the *Yellow Book* of the 1920s, calling for all employees (and I stress all) to have a stake in the business they work for?

Papal encyclicals support this policy, especially *Pacem in Terris*, *Quadragesimo Anno* and *Gaudium et Spes*. The new catechism of the Catholic Church supports

the concept of profit-sharing and co-operation between owners and workers.

I write as an investor in industrial equity shares, but I would willingly forgo some of my dividends if it would bring peace and stability in our industries.

Yours sincerely,
LARRY MCLEAN
Wolverhampton
19 January

Biblical hypocrisy

From Dr James Carleton Paget

Sir: In her present plight, it may comfort Harriet Harman to know that no less a man than St Paul accused St Peter of hypocrisy (*Galatians* 2:13 and 14). The latter survived the aspersions of the former and became, according to Christian tradition at least, the first Christian Pope.

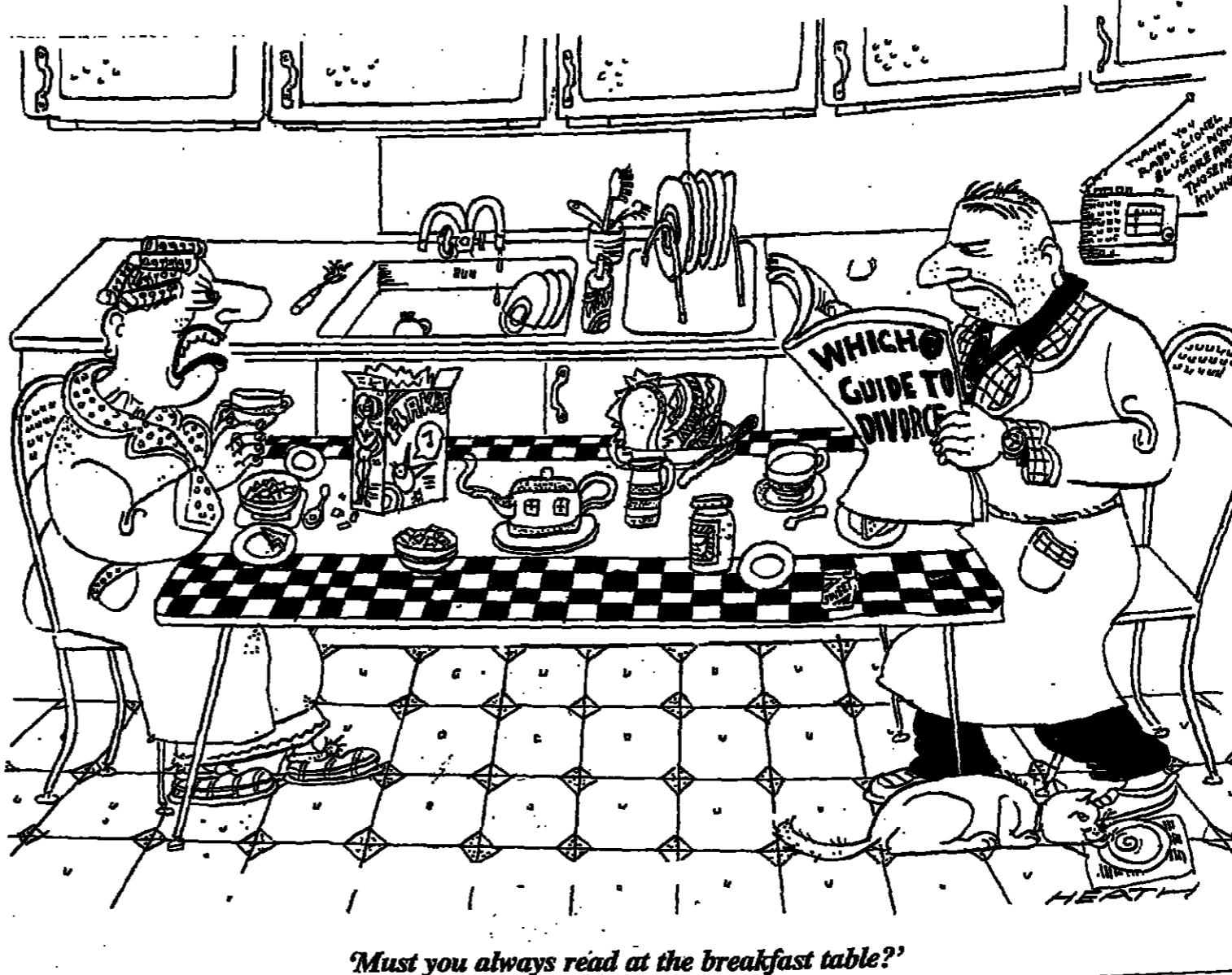
Yours sincerely,
JAMES CARLETON PAGET
Peterhouse
Cambridge

Oedipal rage

From Mr George MacDonald Ross

Sir: The earliest recorded example of road rage ("Half all drivers are targets of road rage", 24 January) was surely when Oedipus killed his father in an argument over who had priority to drive his chariot over a narrow bridge. Perhaps ancient Greek priorities were as confusing as ours?

Yours faithfully,
GEORGE MACDONALD ROSS
Leeds
24 January



LETTERS TO THE EDITOR

Labour politicians' comprehensive history of selection

From Mr T. H. Hockton

Sir: Voters may not indeed share the faith of unreconstructed "old Labour" or "old Lib Dem" activists (leading article, 22 January). Not all of them have been responsible for their own children. Some are lucky where they live. Others are like the sectarians whose faith bears radical treatment.

I suspect the answer is that the Labour party accepts that a selection policy for universities is a sensible one, both for the people that are selected and for the country, because to do otherwise would result in a dilution of academic quality and a general lowering of standards. In not applying the same criteria to schools, could it be that the Labour Party for schools is driven by "Old Labour" dogma rather than what is best for the country?

Like it or not, selection and choice are involved all through life and, in trying to pretend otherwise by abolishing selection for secondary education, the Labour Party does the brightest 5 per cent of our children, and the country as a whole, a grave disservice.

Yours sincerely,
TOM HOCKTON
Hove, East Sussex

our socially divided society is the effect that a comprehensive education can have on children from the professional and middle classes, the acquired ability to mix easily with children from all classes and, incidentally, of both sexes, to understand different values and motivations.

A third aspect is the contribution which such parents can make to the life of the comprehensive school by taking part in the official and unofficial channels which exist to improve standards and maintain the morale of hard-pressed teachers and governors.

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Yours faithfully,
GEOFFREY MARTIN

Head of Representation in the United Kingdom

The European Commission

London, SW1

Anyone even slightly to the left-of-centre would apply the vinegar last, thus allowing it to wash the salt through to the underlying layers of chips, resulting in a more equal distribution.

It would seem that even Tony Blair's policy regarding chips is designed to benefit the few at the expense of the many.

Yours faithfully,
DAVID GLOVER
Leicester

24 January

It's opera, boyo – rugby with music



MILES KINGTON

The other day I suggested it did not really matter whether the Welsh built a new opera house or a rugby stadium, as there was not much difference between rugby and opera, especially the way the Welsh play both. I am saddened to say that people have written in from as far as Wales to protest, and I have even been pilloried in the *Welsh Local Government Corruption News*.

Well, gentlemen, I aim to prove you wrong by bringing you an extract from an opera I am working on. It is the first-ever opera written about rugby, and it is called *Tristan*

afety

comment

New focus, same crisis

Irish peace looks as elusive as ever, despite yesterday's Mitchell report, argues David McKittrick

Ancient Greek dramas would sometimes culminate in the appearance of a *deus ex machina*, a god lowered on to the stage by means of a crane, who would use supernatural powers to sort out the muddles created by mortals.

On one reading, that was the role played in Belfast yesterday by the former US senator George Mitchell, when he delivered his international body's report on arms decommissioning. For some hours, it seemed the logjam might be easing, until John Major's announcement of plans for a local election sent tensions rising again.

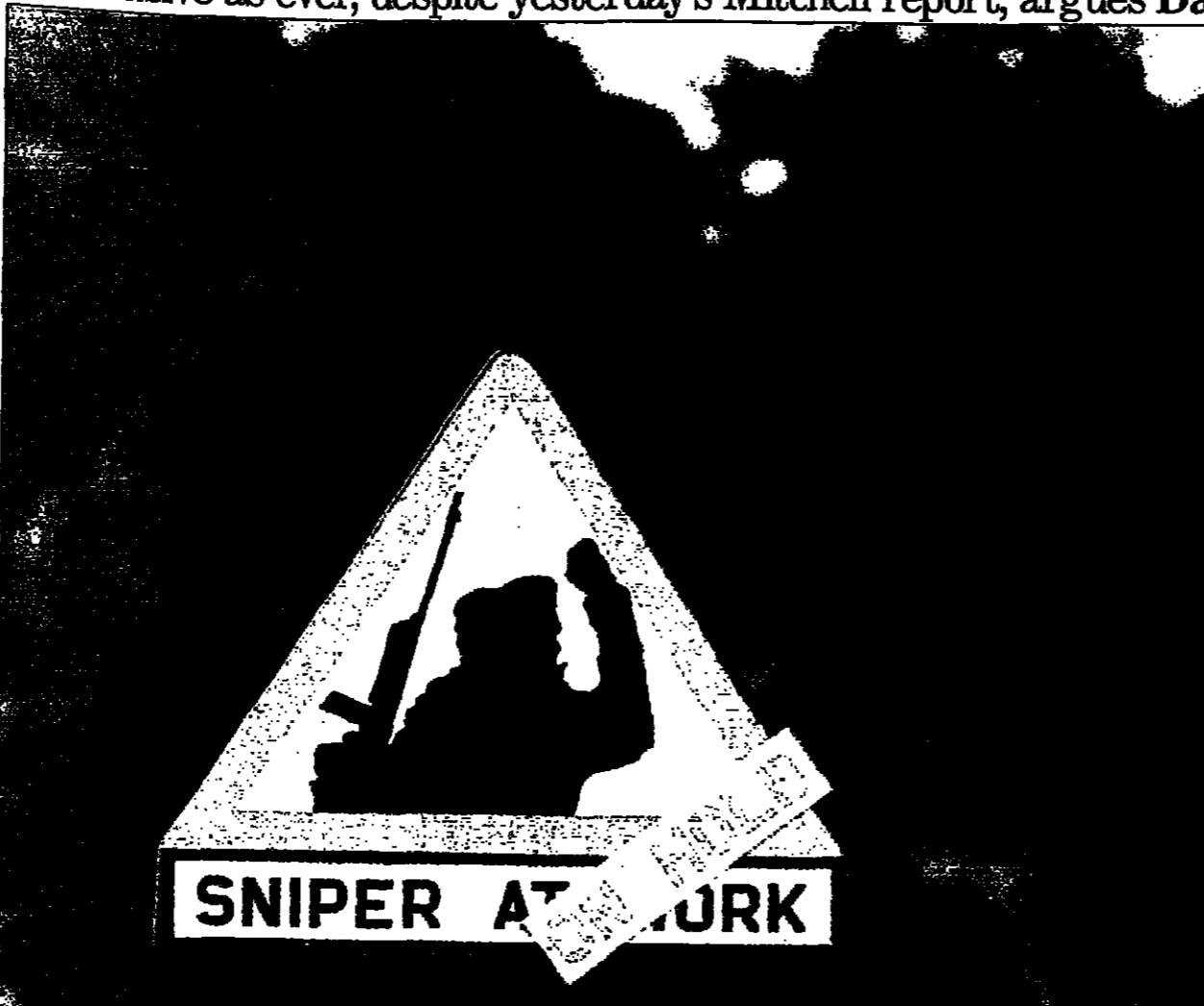
Mr Mitchell is no magician. As he said at the outset of his report, the factors on which a peace process must be based were already known. He did not discover or invent some new element to transform the situation; he simply brought to the problem a measure of American can-do pragmatism.

In that sense, his role was less one of divine intervention than empirical observation, followed by practical suggestions and comment.

He eased the British government off the hook of its long-standing insistence that republicans deliver up arms before being allowed to the table. He did so simply by pointing out that there was no chance of the IRA or the loyalists decommissioning weapons in advance of talks.

The dogs in the streets of Belfast and Dublin already knew that, but the fact of Mr Mitchell saying it has somehow made it more acceptable – or at least tolerable. The same dogs already appreciated the other facts laid out in the Mitchell report, yet somehow he and his two colleagues have clarified many points, made them easier to digest and separated off what is politically possible from what is not.

None of this accidental, for it is apparent, both from the report itself and from his performance at his news conference, that Mr Mitchell is a class act. With grace and humour, he showed himself to be the most skilful political performer seen in Belfast since – well, since last month, when his friend Bill Clinton was in town.



The Mitchell principles don't mention a 'permanent' ceasefire, but would mean a complete farewell to arms Brian Harris

The British and Irish governments, when they agreed to set up the international body back in November, gave it what seemed a fairly narrow remit, asking for a report on decommissioning. What they got was a report that represents an overview of almost the entire spectrum of the immediate issues.

The international body clearly took as its starting point not the essentially technical issue of decommissioning, but the much broader approach of working out how to advance the peace process. It first concluded that no guns were going to be forthcoming in the immediate future, and then moved

on to draft a list of democratic principles to which all parties should be required to subscribe.

The IRA, it will be remembered, declared a "complete cessation of military operations" in August 1994 but has always declined to use the word "permanent" in relation to its ceasefire. That word does not appear in the six Mitchell principles, but together these would represent a complete farewell to arms. The deal is that if the IRA insists on not handing over weapons, must instead make a solemn promise to the world that the shadow of the gunman has gone.

Though brief, the report contains mentions of (though not recommendations on) matters such as the prisoners' issue, the use of plastic bullets, the idea of a review of more than 100,000 legally held weapons, and the predominantly Protestant make-up of the RUC. It also mentions "an elective process" – much to the relief of Mr Major, who had been banking on that.

The British government had already done much work on the idea, and Mr Major yesterday spoke of urgently putting legislation through Parliament. The attractions of an election for the Government are obvious, mainly because it will go a fair way to meeting the requirements of the Ulster Unionists.

The Government's enthusiasm arises mainly from the fact that the Ulster Unionist leader, David Trimble, had expressed his opinion that an election would give Sinn Fein a mandate that would allow him to talk to them, even without the decommissioning of weapons.

This opened up the possibility of inter-party talks without an arms hand-over, a route the Government has gratefully taken. Mr Trimble had envisaged an election to a new assembly, but in the Commons yesterday Mr Major seemed to envisage an election of negotiators rather than a plan to set up a devolved institution along parliamentary lines.

This distinction is crucial. Previous assemblies, the longest-lived of which was the Stormont parliament from 1921 until 1972, are still seen to be Irish nationalist folk-memory as bastions of Unionist privilege and anti-Catholic discrimination. It is no exaggeration to say that a return to anything reminiscent of this would cause large numbers of republican supporters to contemplate going back to war.

Sinn Fein had a good morning yesterday with the launch of the Mitchell document, but a bad afternoon when John Major lifted the election idea from the obscurity of the report's penultimate page.

But it has now been elevated to the centrepiece of the peace process, where it is destined to remain for some time yet. Even with the promise of Labour support, it will clearly take months for the election idea to be discussed and make its way on to the statute book, and for voters to go to the polls.

This means the abandonment of the present target date for all-party talks to open at the end of next month. Mr Trimble's evident pleasure at the Government's action has also inflamed the suspicion – never far from the surface of the nationalist psyche – that Mr Major's new course was at least partly motivated by the hope of securing Unionist support in the Commons lobbies.

Whatever the truth of this, Sinn Fein had that, 16 months from the IRA ceasefire, the doors of the conference chamber remain closed to them. The ominous importance of this is that they have elevated the question of all-party talks almost to a point of principle, reassuring their hard men that they would soon get to the table.

Thus a day that began with what looked like a breakthrough ended in something close to crisis, with no easing of the long build-up of frustration within the republican movement. The Mitchell report mentioned the lack of trust in Northern Ireland: the day ended with less trust than ever, and a sense that resolving the election controversy might need the appearance of yet another *deus ex machina*.

Let us delay full talks no longer



ALBERT REYNOLDS

The clearest single message from the report by the international body on decommissioning is that we must banish fear and rebuild trust and confidence. At each stage of the peace process trust has been more important than any particular issue: apparently insoluble problems with words like "permanent" and "clarification" have been solved. The ceasefires themselves – which most people thought unachievable – were achieved because trust had been built.

Senator Mitchell and his colleagues have touched the very heart of the problem when they say that the decommissioning issue is merely a symptom of the absence of trust. My hope is that both governments and all parties will see in the report a clear opportunity to make up the ground that has been lost and to move towards inclusive all-party talks.

I have always held that decommissioning before talks was unacceptable. Perhaps more pertinently, I have always felt it was unobtainable. And it was never agreed or accepted that it would be a precondition for the starting of talks.

That said, the suggestion in the report that some forms of decommissioning could take place by agreement as part of the talks process would be a valuable confidence-building measure, which could prove the bina fides of all parties concerned and speed the process of rebuilding trust. Only with a resumption of dialogue will that happen.

My view on the need for inclusive dialogue has always been direct and uncluttered: while dialogue is taking place there can be no excuse in any quarter for a return to violence or killing; the report endorses this view in the clearest terms.

Looking on in recent months, my single greatest fear has been that the delay, the inactivity and the vacuum created would put an unnecessary strain on an already strained process. We have seen peace being jeopardised; we have seen pragmatism being replaced by dogmatism and the result has been disquieting.

The spectre of violence has begun to creep back in. And such a discouraging trend can only go in one direction if it is not stopped. A return to the

The writer was prime minister of Ireland, 1992-1994.

The furore over Harriet Harman's choice of school for her son has exposed the lack of realism prevalent in Labour's education policy

The legacy of the war of Little Joe



ANDREW MARR

The five worst days in Tony Blair's leadership of the Labour Party ended yesterday with what was, by all accounts, a sparkling speech to his seething parliamentary party. As they spilled out into the Commons corridor, their faces were not happy and their private views about Harriet Harman were unchanged; but almost every lip was buttoned. The War of Little Joe seemed over.

Even if that is so, however, it has ended with a bloody pyrrhic victory for the leadership. The damage has been serious and will reverberate throughout the year. Labour's poll rating will surely slip at an important moment. When the general election comes, my guess is that Labour candidates will lose seats they might otherwise have won because of this.

The gap between old and new Labour has widened. Despite Blair's huge personal authority, he cannot afford many more episodes like this. When he demands self-sacrifice in the cause of victory, there will be resentful mutterings about his own front bench. Joe Harman's education may be free at point of use; but it will cost the Labour Party quite a bit.

Choice in schooling is not like European monetary union, nor the West Lothian question, or most other bits of political arcane. It has chat-power. It is something that everyone can understand and that many people are emotional about.

Some voters will turn against Labour, not because of the charge that the Harman family has been hypocritical, but because the reaction of Labour MPs has chilled them a little. It suggests to some that the old Labour Party, so enthusiastic about stopping people doing things, determined to build a better world on a mound of prohibitions, is back. Certainly, the rage of many Labour MPs about Harman's choice has not been pretty. Too many have made it clear that they think she is a selfish middle-class southern woman of a kind that should be expropriated and preferably extirpated, too. As one senior figure put it: "I wouldn't *** her if she was on fire." This is not, to put it mildly, the way to woo Middle Britain.

Other voters, though probably fewer, will turn away from Labour because of the charge that Harman is a hypocrite. I think she is. But I think she is no more of a hypocrite than Andrew Marr – or even, just possibly, the average reader of this column.

Daily life is an endless series of compromises between the world as it is and the world as we would like it to be. For anyone with principles, hypocrisy is a universal sin. We sit smugly in our cars whining about pollution and congestion. We complain about underfunded this or that but

do not offer the voluntary extra taxes that smug Conservatives remind us the Treasury would accept. We prefer not to know too much about the short lives of the animals we eat.

Oh yes, and many of us praise the virtues of comprehensive education while avoiding the nearest comprehensive for our children. If I was living where Harman lives and had a child who got a place at St Olave's, I would jump at the chance. But then, as the picture byline will confirm, I am not Harman. Doesn't the fact of her being a Labour front-bencher change things? Doesn't it make things worse?

She is not enjoying a privilege for her own family that she would take away from other people's if she got into power. St Olave's would almost certainly still exist as

a selective grammar school after a decade of Labour government because, despite David Blunkett's "read my lips" denunciation of selection at the party conference, the party has decided to keep selective grammar schools where that is what the local voters want.

Harman's hypocrisy certainly is not of that gold-plated, triple-A variety. The problem is rather that Labour MPs maintain that selection is bad for everyone and that comprehensives are good – not just for society, but for all children. And the Harman-Dromeyes, like many other parents, clearly do not believe it. There is a gap, in short, between Labour policy and the prejudices of millions of people. The problem for the pro-comprehensive majority in the Labour Party is that it cannot achieve its stated aim. It will not take on the vocal power of the grammar school lobby. And it cannot take on the private schools because Britain subscribes to international obligations setting out the right to choose an independent education.

So enough of the middle classes exclude themselves, paying through private school fees or higher mortgages to ensure that

"comprehensives" are really "partials", particularly in the inner cities. Labour is well aware of this but has no plausible answer. Moral exhortation is useless. If Labour MPs will not be exhorted, precious few other people will feel any obligation. Labour hopes that extra spending and a change in ethos will improve the state schools. Which is fine; except that it will not promise extra spending.

The Conservatives gleefully claim it all as a vindication of their school reforms. But the truth is that government policy is equally muddled. For most parents, the "choice" at the core of Tory policy is a big lie. Selection of pupils by schools and the tough squeeze on extra places are destroying what little choice is left in the system.

The Tories have become the defenders of socially divided education without actually having the courage to say so. Conservative MPs claim their intention is to create "excellent" state schools, yet few would dream of sending their children to them.

The disastrous truth which the Harman case should ram home to every thinking voter is that with both big parties proclaiming education to be their priority and the election looming, neither has a plausible or intellectually credible policy for state schools.

In defending Harman, Blair acted characteristically by putting his own position so publicly on the line. He is loyal to his friends and self-certain to the point of rashness. Now, though, he needs to move on from defending a friend to rethinking the policy. In a few days' time he is due to make a major speech on social issues. He should rip it up and try, instead, a speech which confronts honestly and thoughtfully the real dilemmas of schooling in Britain.

If so, he could and should give indications of alternative ways forward. There are some. A voucher system, for instance, could be heavily biased in favour of low-income families so that the daughter of a single parent on welfare would get a voucher worth, say, five times as much as a middle-class child. This would blur the grammar and class-bound lines which scar British education, and state funding would flow to where it was needed most. Schools in deprived areas or specialising in lower achievers would be able to afford to buy in specialist teachers on high salaries.

This episode has been too bad for Labour to talk of silver linings. For the party there are none; during the past few days all its old vices have been on show. But if he encouraged Blair to think again about schools, the rest of us could yet have cause to raise a glass to Little Joe, whose political parents behaved like parents – and not like politicians.



Class struggle: education is turning into a litmus test for new Labour
Photograph: Hulton Deutsch

A comprehensive failure

The true hypocrisy over selection in schools does not lie in Harriet Harman's torn maternal heart; it lies at the heart of Labour's education policy. The hypocrisy lies in the fact that the not-yet-modernised Blairite party professes to believe in an aspirational, meritocratic society, while remaining bound by its ankles to a discredited comprehensive ideal.

Comprehensive schooling is the ideal form in a liberal democracy. The benefits for mutual understanding, for social cohesion, for not splitting the community into antagonistic bands of privilege and resentment, are ringingly obvious. Moreover, comprehensive schools should in principle be more able to respond to the varied talents that make up every individual.

The problem is that in practice it doesn't work. It doesn't work widely and well enough for any modern political party to sell it as a panacea.

I am as emotionally bound up in the comprehensive ideal as anyone in my comprehensively educated generation. I was proud to belong to that first band of kids who were not artificially separated into a small group of academically able and the less able remainder. But what I actually learnt, academically, was disgracefully poorer than it should have been. I succeeded, in the end, in spite of it. And I was not failed by individual teachers – my teachers were, in several fondly remembered cases, superhuman. It was the ideal that failed because it expected them all to be superhuman.

My generation are today's parents of young children, for whom the Harman dilemma is an urgent, defining issue for the politics of the Nineties. And if new Labour does not tackle that, honestly and openly, it will not deserve the appellation "new".

The problem is that the long and divisive course of our 30-year comprehensive experiment has shown that most schools cannot live up to the egalitarian dream. The best do. Good comprehensives are wonderful, inspiring institutions; but they are in a minority, and we cannot rest our hopes for the future on the fantasy that somehow the rest can be brought up to that high standard by wishful thinking.

Why have comprehensives failed? The answer lies in the impossibility of their ambition. My father fought hard as a politician during the Sixties and Seventies to bring about the introduction of comprehensive schools because he (as a one-nation, grammar school-educated Tony) believed that the separation of children at the age of 11 into sheep and goats created a terrible social chasm. Moreover, he believed that less able children would gain from mixing with academically and socially aspirant children. But he never thought children should all be bundled together as one: he knew that comprehensives would not work unless teachers differentiated among pupils within them.

Labour should stop incanting a flawed ideal

He was right. Comprehensive schooling does provide children with a broader social experience, and sometimes talents rub off. But, face it, mostly it didn't work out like that. The parental and pupil culture in the overwhelming majority of state schools today is anti-aspirational. Instead of most pupils being lifted to the ambitions of the best, the best pupils come under heavy social pressure to scale their efforts down to the ambitions of the average.

If steering children with different aptitudes into different schools were as a matter of course socially divisive and educationally destructive, why is it that Germany is more socially cohesive, has a narrower range of wealth, is less politically divided and consistently outstrips Britain's educational performance? The Germans separate children (albeit at a later age), as do the French. But they don't separate them down one tunnel that says "Clever" and another that says "Stupid", on the basis of a one-off test. They separate them into academically able, and technically able, and able at all kinds of other things, by assessing them carefully throughout their schooling years. And children move between one

school and another: they are not condemned, as many post-war Britons were, to a second-rate secondary modern.

Tragically, in Britain, the 11-plus still defines the argument because we are so desperate to escape its haunting apparition. But it does not have to be like that. Labour should stop incanting a flawed ideal and think radically about how to reinvent state schooling. In so doing, Tony Blair deserves to win education professionals, as well as parents, to a new approach.

What is the real objective? Surely it must be to create a schooling system that can meet the diverse expectations of a diverse population. We need schools of many kinds: not just one comprehensive kind, or two selective kinds. In large urban areas, where children can easily travel to a variety of schools, it is surely good to encourage differences. One school might have a particular religious orientation; another might have a famous art department on which it lavishes resources; another might be superbly technical-skilled. None of this undermines quality.

And in less densely populated areas, where parents in practice have a choice between one or two schools, selection is possible within schools: children can be grouped according to aptitude, enthusiasm, effort and commitment.

Some comprehensive schools do stream, by form, or subject, or both. But many are too trapped in the mixed-ability mind-set to contemplate a different approach. They need to let go of their old certainties and look at the inspectors' and academics' evidence that has mounted over many years in favour of grouping pupils by ability, or by their willingness to learn.

It is no accident that so much fuss has been made about Ms Harman's decision: education is the new Labour litmus test. Is Mr Blair going to create an ambitious, striving, achieving society, eager and enthusiastic to learn? Or is he going to retrench the pointless argument that has distracted us for far too long?

COLIN HUGHES
The writer is former education editor of the 'Independent'

Bradford & Bingley triggers mortgage war

NIC CICUTI

Building societies yesterday began hoisting defences against hostile takeover bids as the Bradford & Bingley cut mortgages rates and raised the return to savers. The Nationwide promised to follow suit within weeks.

Bradford & Bingley, the fifth-largest building society, cut the cost of its home loans to a new low of 7.24 per cent.

The society's bonus to its 1.9 million members, including a pledge of better savings rates, sparked expectations of a fresh mortgage price war with other lenders.

It move prompted Nationwide, the largest society after Halifax, to say that it too would introduce a "loyalty" package for its 8 million members.

Brian Davis, chief executive at Nationwide, said of his own society's plans: "We will know where we stand by our year-end in April. That will be the time for us to introduce any appropriate changes."

"We have been working carefully, trying to make sure that our capital reserves were sound before making a decision." He added that Nationwide planned to remain competitive as far as mortgage rates were concerned.

John Wriglesworth, director of strategy at Bradford & Bingley, said: "We think that building societies that opt for plc status are making a one-way decision to sell off the family silver. This will leave their customers eating off paper plates in the future. We are giving them silverware, china and the best cuisine for the foreseeable future."

However, Halifax and Abbey National, who have led earlier mortgage-cutting moves, said yesterday they were not planning to follow Bradford & Bingley's example yet.

Bradford & Bingley's give-back, expected to reduce its profits by £50m a year, cuts the cost of an average £50,000 mortgage by about £10 a month.

Over a typical 25-year loan period, an interest-only borrower would save £2,800. Over five years, new and existing borrowers will pay about £530 less. The new rates take effect on 1 March.

Savers will also benefit by the society's pledge to keep rates at an average of 0.25 per cent more than its key competitors.

This announcement demonstrates the benefits of mutualism in action," Geoffrey Lister, chief executive of the society, said.

Yorkshire Building Society, which offered a similar package

to its 1 million members last October, and Britannia, about to launch its own loyalty bonuses, welcomed Bradford & Bingley's move. Its decision follows a series of takeovers and mergers of building societies.

Chesterfield & Gloucester and National & Provincial have been taken over by banks.

Last year, Halifax and Leeds Permanent merged and will de-mutualise in April 1997. Woolwich plans to follow suit shortly after that. An announcement from Alliance & Leicester is imminent.

Mr Wriglesworth said: "In the 1990s, we had better rates than the banks but we also had to face the fact that the housing market had collapsed. We needed to build up our reserves and have been doing so for the last five years. We can now give back some of our profits. We had planned a complicated system based on long-term loyalty bonuses, but some of our members said to us that they might be dead by then."

Rob Thomas, building society analyst at UBS, the Swiss banking group, said: "Having argued for a long time that societies that wanted to stay mutual needed to do something like this, I am not surprised by such a move. I can see this gaining momentum in bits and bobs."

"This announcement demonstrates the benefits of mutualism in action," Geoffrey Lister, chief executive of the society, said.

Yorkshire Building Society, which offered a similar package



Testing the waters: Brian Davis (left) of Nationwide and Geoffrey Lister, chief executive, of Bradford & Bingley



Holiday blushes for tour operator

DAVID HELLIER and JOHN SHEPHERD

Inspirations, the tour operator that only two weeks ago posted record profits of £7.7m, found itself in an embarrassing situation yesterday over a letter written to its Cypriot hoteliers that spells out reasons for payments delays.

The letter, which appears to have been signed by the finance director of the tour operating subsidiary, Steve Keay, explains that payments problems have occurred for several reasons, including an accounting problem.

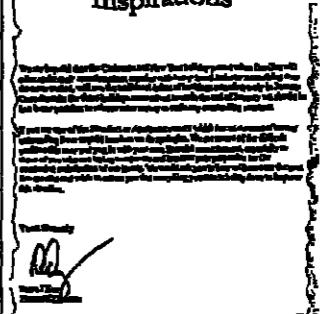
The letter describes the problems caused by poor trading conditions in the industry, aircraft leasing payments which have to be paid in order to ensure the continued expansion of the company's holiday programme, and disappointing earnings by 1996.

The letter concludes: "If you are one of the Hoteliers or Apartment owners which has an amount of money outstanding from unpaid invoices we do apologise ... we would ask you to bear with us over the next few months and wish to assure you that everything possible is being done to improve this situation."

The letter continued: "many in the travel industry have described the 1995 trading year as being one of the worst on record. The public's demand for holidays at lower prices and for heavy discounts to incentives bookings hit tour operators' margins and profits."

Paul Jackson, the finance director, said the leaking of the letter "makes me very angry". "The company has £55m in the bank and made £7.7m in pre-tax profits. These are the facts," he said. He said letter was erroneous and that it should not have been sent at all. He said it was written by a junior member of staff and added of Mr Keay that "I do not believe he saw it".

Inspirations



Bad news: The letter at the heart of the matter

Jobs to be axed in Cockburn's shake-up for WH Smith

NIGEL COPE

WH Smith's new chief executive, Bill Cockburn, pledged yesterday to shake up the company's sleepy, under-achieving culture in a series of moves that could involve large-scale redundancies at the beleaguered retailer.

Announcing a slump in half-year profits from £45m to £17m, Mr Cockburn criticised poor

cost control and weak accountability, saying the company needed to hit targets and budgets "rather than conjuring up excuses for missing them".

He said that the profit performance was "unsatisfactory" and warned that second-half profits were unlikely to exceed last year's £70m. Describing the company's culture as "cosy and complacent", he said:

"Sometimes you get that in old mature businesses that think they have a God-given right to survive." Mr Cockburn said he intended to capitalise on the strength of its brand name and to be more pro-active. It should be able to take advantage of the collapse of the Net Book Agreement, which used to govern book prices. The group has increased book sales by 9 per cent since the end of the agreement in October.

Analysis praised Mr Cock-

burn's sentiments but said he needed to address the problems at Do It All, the group's DIY joint venture with Boots, which recorded a loss of £7.7m in the six months to 2 December and sales 3.2 per cent lower than the same period last year.

Mr Cockburn refused to be drawn on details ahead of his strategic review, which will not be completed until the spring.

WH Smith's profits for the six months to December were down from £45m to £17m. Sales rose from £1.2bn to £1.3bn.

Operating profits at the core WH Smith chain fell from £65m to £12m, partly due to previously announced provisions. The chain has struggled against competition from the specialist music and booksellers and the supermarkets. Like-for-like

sales were 2.6 per cent higher.

Profits at Waterstones, the bookseller, improved from £3m to £5m while Virgin Our Price, the music and video chain that makes most profit in the second half, reported profits of £1.6m, compared with a loss of £200,000 last year. The interim dividend was maintained at 5.25p. The shares were unchanged at 40p.

Investment Column, page 18

Sir Rocco stuns City with Forte buyout plan

MATHEW HORSMAN

Sir Rocco Forte last night stunned the City with a proposed leveraged buyout of the Forte hotel empire from Granada. The assets which include luxury hotels in Britain and overseas, are worth £2.5bn according to Forte's own figures.

Analysts warned that the new company would be highly leveraged in a sector that demands huge injections of capital.

But few were completely surprised by the dramatic move, pointing out that Sir Rocco had made it clear he intended to return to the hotels business, possibly through a bid for some of the Forte hotels that Granada will sell to help pay off the £2.5bn in debt it took on to finance its £3.8bn hostile offer, which was declared unconditional on Tuesday.

Forte's advisers include SBC Warburg, Cazenove, Morgan Stanley, UBS and JP Morgan. According to Forte, financial discussions have been encouraging. If successful, the group could seek a stock marketing listing.

A concrete proposal is to be made within a few weeks, Sir Rocco said last night. Granada has already lined up several potential buyers for the hotels business, and is expected to drive a hard bargain. ITT-Sheraton, Bass, Accor and Marriott are among the possible buyers.

According to Forte's own figures, the assets targeted in the LBO are worth about £2.5bn,

but carry about £1bn in debt.

Sir Rocco, along with his sister, Olga Polizzi, are be-

Golden handcuffs for Grand Met director

NIGEL COPE

Grand Metropolitan, the food and drinks group which has developed a reputation for richly rewarding its directors, has issued a "golden handcuffs" contract to its latest boardroom appointment.

Paul Walsh, an American who looks after the group's Pillsbury business in the US and who was appointed to the main Grand Met board in October, will be paid a lump sum of £750,000 plus interest if he is still in the company's employment in seven years. This is in addition to his \$910,000 annual

compensation payments totalling £1.3m to two directors who left the company. Ian Martin, who left the company to become chairman of Unigate, was paid to keep up with rival levels of compensation.

Under the terms Mr Walsh qualifies for the payment as long as he undertakes not to join a competing food group within 18 months of divulging details of the company's operations within that time.

He does not receive the payment if he leaves the company within seven years.

Details of the "seven-year itch" scheme follow a year during which Grand Met has paid

compensation payments totalling £1.3m to two directors who left the company. Ian Martin, who left the company to become chairman of Unigate, was paid to keep up with rival levels of compensation.

David Nash was paid £790,000, the company confirmed yesterday, when he lost out to John McGrath in the battle for the position of chief executive.

At the other end of the pay scale, the company last month paid £106,000 in compensation to 900 of its Burger King staff who were told to clock off on unpaid breaks whenever the outlets were quiet.

Meanwhile, Scantronic, the

security alarms firm, revealed yesterday a £780,000 payout to former chief executive Chris Brookes hit profits. The payout followed Scantronic's takeover last November by Menier Swain.

Together with the cost of closing Scantronic's headquarters, the pay-off has caused a £1m exceptional charge that will wipe out any profits made in the second half to April.

Mr Brookes had been on a five-year contract until Scantronic's board negotiated it down to three years shortly before the £10.5m takeover.

He was on a salary of £210,000 plus pension contri-

butions at 15 per cent of salary, at a time when Scantronic had fallen heavily into loss.

Menier said it will also be writing down the value of Scantronic stock on its balance sheet by £4m in the second half.

Mr Brookes' payout was not the only one to hit Menier Swain.

Just before Christmas the firm also paid a sum believed to be £250,000 to settle a lawsuit with the former finance director Ray Dias.

Mr Dias left the company after pressure from institutions when Scantronic hit trading problems amid mounting debt in July 1994.

POSTGRADUATE COURSES

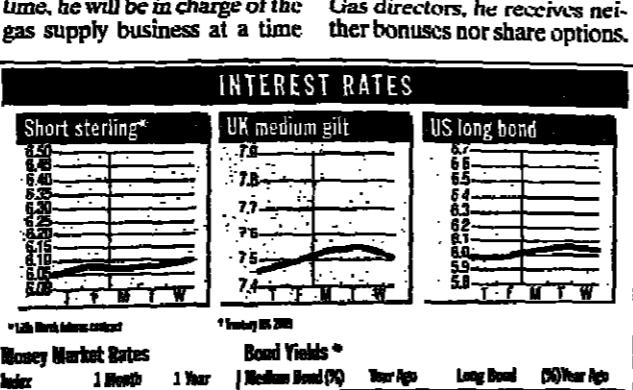
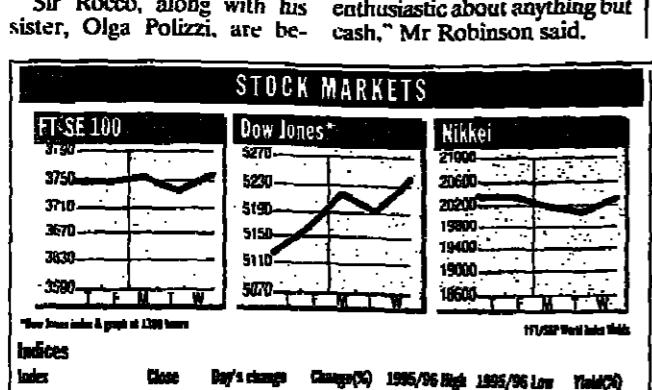
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Section Two

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THE INDEPENDENT

ON SUNDAY





COMMENT

'Back comes the Forte family with a highly leveraged bid designed to buy precisely the same assets Granada now needs to sell. How much simpler and less costly if they had all sat down and done this in the first place?'

Wait till we see the colour of Rocco's money

How seriously should we take Sir Rocco's bid to reclaim at least a part of his empire? The concept is splendidly romantic as well as making the last two months of bitterly contested takeover battles seem like theatre of the absurd.

Just think of it. Granada bids £3.8bn to dispose of more than £2bn of assets. Then back comes the Forte family, in conjunction with its advisers and JP Morgan of the US with a highly leveraged bid designed to buy precisely the same assets as Granada now needs to sell — the Meridien chain, the Executive hotels and the Savoy stage. How much simpler and less costly if they had all sat down and done this in the first place?

Whether it can be made to work depends critically on what Sir Rocco can and is prepared to pay. If he can pay the asset value attributed to these properties in the defence, then Granada may feel obliged to deal. Until we see the colour of Rocco's money, however, the offer looks like little more than the bravado of a defeated man.

McAlpine shows way out of insanity

There's nothing like a bid to galvanise otherwise bumbling management. Shareholders in Alfred McAlpine, including the increasingly peevish McAlpine family trusts,

can probably thank Ameec's half-hearted approach at the end of last year for kick-starting yesterday's withdrawal from the cut-throat construction market.

Investors in the most oversupplied, inefficient sector to clutter British industry must wonder what else has to be done to persuade McAlpine's peers to follow suit. Only in contracting could an industry-wide turnover of around £50bn result in an aggregate loss.

The outlook for the sector is hardly encouraging. Total output fell by 3 per cent in 1995 and forecasts suggest it is unlikely to recover until 1997. The worst of it is in the heavier end of the sector, which is being clobbered by the Government's insistence on sacrificing infrastructure to a housing and consumer recovery. At the same time, low inflation means continuing cost-cutting is the only answer for materials companies.

The recent asset swap between Tarmac and Wimpey and Kvaerner's bid for Ameec added a degree of excitement to a sector that has otherwise been a dead loss for four years. But amid the recent action it is easy to forget just how rare such moves are in the contracting business. Beside the recent excitement at Ameec, there have only been two hostile takeover bids in this sector in the last 10 years (YJ Lovell for Higgs & Hill and Lilley for Tibury); both failed and the aggressors went on to suffer severe trading problems with Lilley eventually going bust.

There are several reasons why the insani-

ty of construction is hard to cure. The abundance of small players means reducing capacity among the larger contractors has little effect. With no assets to talk of, contractors' balance sheets are difficult to value, putting off potential bidders. Moreover, merging two companies rarely increases the chances of winning big contracts. Where there were once two bidders for the contract, there is now just one. The normal rationale for mergers (one and one making three) is reversed.

So McAlpine is right, the only way to solve the mess is to pull out altogether. Whether increasing the company's relative exposure to civil engineering and house-building is the answer remains to be seen, but at least the company has shown the disgruntled McAlpine family trusts that it is doing something.

German model looks its best

Angst is a national condition in Germany, so the self-doubt that has crept into this great powerhouse of the European economy is hardly new. For once, however, Germany is right to worry. There is little doubt that economically things are going badly wrong. The effectiveness of the German government's response to this looming crisis will be watched closely by a wider world, not least in the UK, where the German model is seen

as the main inspiration for Tony Blair's stakeholder economy.

Like Daimler-Benz, the German economy shows symptoms of overload. Following the rise in unemployment to nearly 10 per cent, the government has now downgraded its projection for growth this year to only 1.5 per cent. Not only has Germany substantially overshot the Maastricht budget deficit/GDP ratio of 3 per cent, it is set to crash through the debt/GDP ratio of 60 per cent.

The unexpected economic slowdown that started last year is the main cause. That in turn was helped on its way by the appreciation of the mark to record levels against the dollar last spring. But what added salt to the wound was a big jump in wages, with a two-year inflation-busting deal in the key engineering sector. This is clearly proving too much for many companies, given the strong real appreciation of the mark in the 1990s.

Some relief has come from the Bundesbank, with three half-point cuts in the discount rate last year. Yesterday's further easing in the repo rate sent a strong signal that December's discount rate reduction to 3 per cent may not be the last. A further reduction to 2.5 per cent — something that has only occurred once before — now seems odds-on. As Theo Waigel, the German finance minister, conceded at the Group of Seven meeting in Paris last weekend, the rigidity of European labour markets is itself a cause of slow growth. Ambitious plans agreed by the government and both sides of industry

to halve unemployment by the end of the century are an advance in the right direction for they include more flexible working hours, the use of temporary jobs and the expansion of part-time jobs. Collective bargaining between employers' organisations and unions will remain the cornerstone of the German labour market, however.

Those in favour of the German system say that wage co-ordination and direction help to keep down unemployment. The argument is that if the Bundesbank raises interest rates, Germany doesn't have to go through the pain of recession to bring down wages; negotiators will instead take pre-emptive action. By contrast, the sorry post-war experience of the UK is that in an unco-ordinated set-up, workers have to feel the burn before they're willing to ease up on demands for higher wages.

But just because something has worked in the past doesn't mean to say it will always work. Kenneth Clarke has taken the oft-repeated on the great jobs debate, arguing that the flexible labour market is proving more effective in cutting unemployment than the rigid systems in Continental Europe. In the run-up to the Group of Seven summit in Lille this spring, the spotlight is bound to swing onto the jobs crisis on the Continent. The Germans were always going to stick by their system — it has served them well. Yet while the German model has proved its worth in the past, it looks a less attractive guide to the future.

Monopolies chief seeks to bypass ministers

PETER RODGERS
Business Editor

Graeme Odgers, chairman of the Monopolies and Mergers Commission, said yesterday that the Office of Fair Trading should be allowed to make direct references of mergers to the MMC, reducing the ability of ministers to intervene in takeover battles.

His proposal would shift the balance of power from politicians to officials and radically change the background to City takeovers, where ministerial decisions on references are often crucial to the outcome.

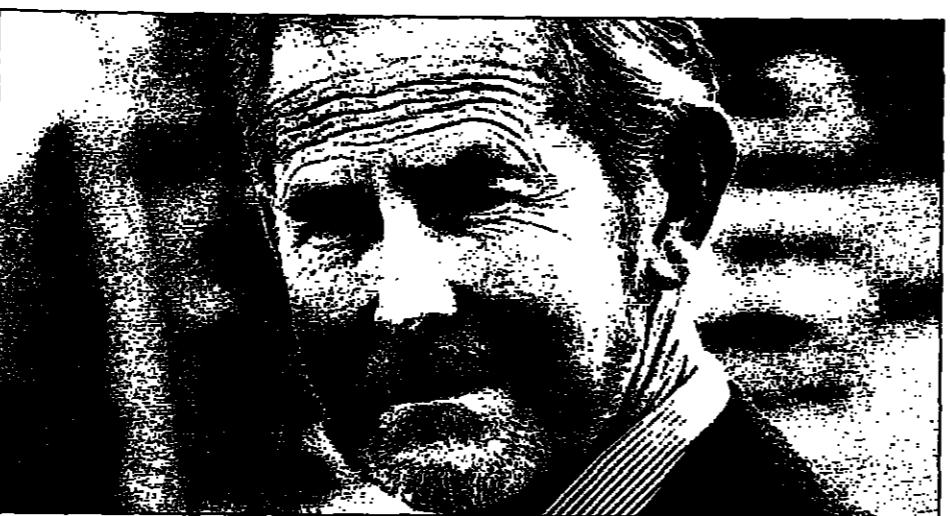
It follows a similar call by John Bridgeman, the director general of fair trading, who said before Christmas that there was a case for giving him the right to bypass ministers in making merger references.

Mr Odgers said the present system "arguably introduces a political input at too early a stage of the regulatory process".

The two most senior competition officials have unveiled their proposals as the Government draws up a detailed consultative document on changes to competition policy, which is to be published in the spring. But the Department of Trade and Industry said there were no plans to change present arrangements for merger references.

These are currently made only by the Secretary of State for Trade and Industry, after receiving advice from the director general of fair trading.

The vast majority of recommendations by the OFT to refer takeovers are in practice accepted by the DTI, but the re-



Power shift: Graeme Odgers' proposals for merger references to bypass ministers would radically change the background to City takeovers

fusals tend to be high-profile and politically sensitive cases.

The OFT said that since 1976 the government had overturned OFT recommendations 19 times, including once under Mr Bridgeman, when Ian Lang, President of the Board of Trade, rejected an inquiry into the takeover of Norweb by North West Water. Recommendations by his predecessor, Sir Bryan Carsberg, were overturned three times. In one of them, the GEC bid for VSEL, the submarine-builder, Sir Bryan said there were no competition grounds for a reference — but the Government sent the bid to the MMC on public interest grounds.

Mr Odgers said that even after giving the OFT the right to make direct references, ministers should retain the power to make their own merger references.

If the move to direct references were accepted, it would bring merger cases into line with monopolies law, where the OFT already sends cases to the MMC without going through ministers first.

With monopolies references, the Government also has the power to veto a reference made by the OFT. But ministers are likely to find that a veto imposed after a decision by the OFT is harder to justify in public than the present system, in which ministers simply reject advice.

Mr Odgers also called on the Government to embark quickly on a number of reforms of competition law. But he made clear that he rejected proposals for a radical change that would merge the OFT and the MMC into a single body and bring British monopolies law in line with European practices.

IN BRIEF

Optimism on rates sends Dow soaring

Hopes that US interest rates will fall next week were boosted yesterday by weaker-than-expected figures for industrial output in December. The news drove the Dow Jones industrials index up more than 50 points to a record 5,242.48 by late morning before retreating slightly. writes Diane Coyle.

Treasury bonds gain more than half a point. Separate figures showing Japan's annual trade surplus with America had shrunk for the first time for five years took the dollar to its highest level for nearly two years. It rose more than a yen to ¥106.95 before closing at ¥106.82 in London. It also rose above DM1.48, partly due to a further reduction yesterday in the German Bundesbank's repo rate, a key money market interest rate. The pound fell slightly to \$1.5130.

Bellway swoops on Wainhomes shares

Troubled housebuilder Wainhomes went on bid alert yesterday after rival Bellway took advantage of the recent plunge in its share price to pick up a 4.8 per cent stake. Alan Robson, finance director of Bellway, denied the two companies were in discussions that might lead to an offer, saying only that the shares looked attractive at last week's low of 60p compared with net assets per share in the latest balance sheet of 95p. Wainhomes shares rose 10p yesterday to close at 90p.

M&S reports strong Christmas trade

Marks & Spencer has reported an upbeat Christmas trading statement, though sales in France were seriously affected by the strikes in Paris. Group sales in the five weeks to 30 December were up 6.5 per cent. Sales in the 12 weeks to the same date were 4.7 per cent ahead of the same period last year with general merchandise up 4.8 per cent and food sales up 4.4 per cent. M&S will open its first German store in Cologne this autumn.

£870m Welsh Water bid cleared

The Government has cleared the £870m bid by Welsh Water for South Wales Electricity after the water group gave undertakings demanded by Ian Bayliss, the industry watchdog. Welsh has said it will seek a separate listing for the core water operations from the issue of new preference shares.

NM Rothschild to announce strategy

Sir Evelyn de Rothschild today announces the future strategy of the family-owned merchant bank. He is expected to tell staff that NM Rothschild will pursue its independence strategy as an international boutique, focusing on advisory services. Rothschild was approached last year by NatWest Group, interested in some form of co-operation to shore up its corporate finance activities.

650 jobs cut at Alfred McAlpine

TOM STEVENSON
City Editor

Alfred McAlpine is to shed 650 jobs as it closes its traditional open-tender building business. The shutdown, the latest move in the restructuring of the UK construction sector, will knock a £34m hole in profits for the year to December, sending the company "substantially" into the red.

Despite the prospect of losses, the news was welcomed by the City, which pushed McAlpine's shares 10p higher to 158p. Many companies have trumpeted their refusal to join in the cutthroat tendering competition for building work, but few have acted as positively to withdraw from the overcrowded market.

All the job losses are in the building division, where 350

staff are to go immediately and another 300 to follow. The move represents a dramatic cutback for the company, which employs about 4,000, including 900 in the US. It is the latest stage in a reduction that has seen the number employed in the industry fall by 500,000 to 1.3 million since 1989.

McAlpine's decision leaves it evenly balanced between housebuilding and civil engineering. The company also plans to set up a "special projects" division, to focus on jobs such as new football stadiums, hospitals and leisure industry buildings works.

The withdrawal follows the announcement of a large asset swap between Tarmac and Wimpey and the withdrawal of several large contracting businesses from their housebuilding operations. All the moves have

been in response to wafer-thin margins that have seen much of the UK building industry struggling to recover from the recession that started more than five years ago.

The restructuring of McAlpine's contracting division comes after a difficult period for the company in which it has been publicly criticised by its largest shareholder, the McAlpine family trust, and approached in an unsuccessful bid attempt by rival Ameec.

Last September a leaked letter from Sir Chips Keswick, acting on behalf of the McAlpine family, which still holds 15 per cent of the shares, said: "We have lost any confidence that we may have had that the present senior executive management is capable of rebuilding the group's profitability."

"Some people think it will get better in 1996/97 as the Government hands out sweets ahead of the general election — but we don't agree", he said.

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THE INVESTMENT COLUMN
Edited by TOM STEVENSON

Sleepy WH Smith needs shaking

WH Smith's new chief executive, Bill Cockburn, made all the right noises yesterday though it must be difficult to sound positive when you are announcing half-year profits of just £17m on sales of £1.3bn together with a profit warning for the second half.

The former head of the Post Office spoke enthusiastically about shaking up Smith's sleepy culture (shades of the Post Office), cutting costs and being more pro-active rather than just sitting back and waiting for others to take the initiative. His view is that, like Boots, WH Smith has a strong brand name on the high street but must make better use of it. He wants Smith to become the first name in childrens education and hobbies. He is also keen to increase the core chain's average customer spend, which is less than 25%.

These are all good points but could prove harder to implement than he hopes. As Mr Cockburn no doubt found at the Post Office, changing a corporate culture is a long, hard slog, measured in years, not months. Cutting costs will be welcome but if these include large-scale redundancies, the next set of figures is likely to be scarred by large provisions.

WH Smith must also face its structural problems. Its key difficulty is that it is caught between specialist stores and the supermarkets which are increasingly moving into music and videos. Smith's problems are exacerbated by the fact that its own specialist chains, such as Waterstones and Virgin Our Price, are cannibalising the main stores more than management admits.

The group also needs fewer formats. Here the obvious headache is Do It All, the loss-making DIY joint venture with Boots. Smith's share of the loss was £7m in the six months to December and could be as high as £10m for the full year. Like-for-like sales were 3 per cent down in the half-year and with Texas Homecare being absorbed by Sainsbury's Homebase, the group faces an increasingly competitive market.

The company is refurbishing stores and closing others but more radical action is necessary. Closure or the sale of its 50 per cent share to Boots may be the answer, though this would be expensive and Boots is unlikely to be willing.

For shareholders, much will depend on the results of Mr Cockburn's strategic review, which will not be completed until the spring. In the meantime the company - and the shares - are likely to remain in limbo. After last year's profits warning, the shares have already

enjoyed a bounce but remained unchanged by yesterday's news at 407p. BZW has downgraded its full-year profits forecast from £95m to £85m which puts the shares on a forward rating of 20. High enough.

Textile sector worth a spin

It is little wonder the textiles sector has been such a dull area of the stock market over the past year. The industry has been squeezed between soaring raw material prices on the one hand, and depressed sales caused by consumer confidence and an exceptionally warm summer on the other. After running up through the early part of 1995, shares in the sector have now come all the way back down, leaving the FT-SE textiles & apparel index just 1 per cent higher than where it was a year ago.

But the index has already rebounded from a level not seen since last year, when raw material price worries were at their worst, and there are plenty of more tangible reasons to be bullish about textiles. The rise in raw material

prices now seems to be past its worst, with near-term cotton contracts ready changing hands at around 85 cents a pound, compared with around \$1.20 nine months to a year ago. Meanwhile, base rate cuts and tax reductions should provide a boost to high street spending in 1996, an expectation given some support by the generally optimistic tone of recent Christmas trading statements from retailers.

The imponderable remains the weather, but the chances are that 1996 will not repeat the record temperatures of last year, providing more incentive for consumers to go out and spend. Investors looking to dip into textiles could do worse than look at Coats Viyella, which is well managed and has dumped a number of commodity businesses in the past year. Coats warned in December that the warm weather would hit last year's profits, which are expected by brokers Granville Davies to be around £146m. But they should rise to £166m in the current year, putting the shares down 2p at 194.5p on a prospective multiple of 13.

Dewhurst, a major supplier to Marks & Spencer, which has been revitalised by new management, is another stock worth a second look. The shares, up 1p

WH Smith: at a glance

Market value: £1.14bn, share price 407p

Trading record	1992	1993	1994	1995	1996
Turnover (£m)	2.13	2.91	2.44	5.09	1.22 (est)
Pre-tax profits (£m)	108.1	113.8	83.4	100.9	45.2
Earnings per share (pence)	31.2	37.7	15.9	23.9	11.2
Dividends per share (pence)	13.4	14.2	15.4	15.65	5.25

Operating profits	6 months, £m
1994	2.13
1995	2.44
Distribution	1.22 (est)
WH Smith	1.22 (est)
Waterstones	1.22 (est)
Virgin/Our Price	1.22 (est)
US	1.22 (est)

Share price	pence
1992	450
93	400
94	450
95	350
96	300

at 184p, now stand on forward price/earnings of 15, based on Granville's forecast of £22.5m current year profits. But, after outperforming the market by 16 per cent last year, they may be in for a period of consolidation.

Frost is petrol war casualty

The appointment of Christopher Walsh, an oil industry veteran, to the board of Frost did little for the embattled petrol station group's shares yesterday. The price dropped another 4p to 155p, taking the fall over the past week to 14 per cent. Even with his 30 years of experience in the business, the new non-executive director will have his work cut out to reverse the problems facing Frost.

The body blow came last week, when Esso launched a big petrol price war by extending its price watch campaign to the whole country. At a stroke, the market's leading petrol retailer reduced its prices to the level of the supermarkets, which have carved out 22 per cent of the market from a standing start only a few years ago. Six days into the campaign, the signs are that the big store groups have yet to respond to Esso's move by reducing their own prices. But the threat remains and analysts have already slashed 1996 profits forecasts for Frost by around 60p to 155p.

Frost is exposed because of last year's £83m deal to buy Burmah Castrol's petrol station business. The acquisition came close to doubling the group, bringing in 182 owned sites to add to the existing chain of 240 and 807 supply contracts to independent outlets.

In the light of the savage competitive environment, the Petrol Retailers' Association is forecasting that 70 per cent of the 10,000 independents will be forced out of business over the next two years. When it bought the Burmah business in June, Frost predicted it would lose 500 of its supply contracts in two years.

In fact, that has already happened and the company expects it could end up with as few as 300 in total.

The Esso move was in the wind at the time of the Burmah deal and James Frost, the chairman, has shown himself adept at weathering previous storms in the industry. But, despite a prospective price/earnings multiple of just 11, the shares are best avoided for now.

The champagne atmosphere at yesterday's Granada annual meeting is flattened by the irritating intervention of the ubiquitous old buffer with a point of order (it must be the same person who goes to them all). This one has a plum in his mouth and insists on confounding the still-jubilant board with irrelevant and incomprehensible observations and questions.

The first of many noted that Alex Bernstein, the Granada chairman, must now be prepared to work within the G30 group of industrialised nations and not just G7 - because the bigger group includes the Philippines. Mr Bernstein's response was to stare blankly for a while before assuring the malcontent that Granada was an equal opportunity employer.

But it did not stop there. More trivia followed. And still more. Then, pretending to be unimpressed by explanations on aspects of the report and accounts, the buffer demanded the chairman use "simple Anglo-Saxon words" to put his message across.

"Actually, I'm a great believer in short Anglo-Saxon words," retorted Mr Bernstein to resounding cheers from the floor.

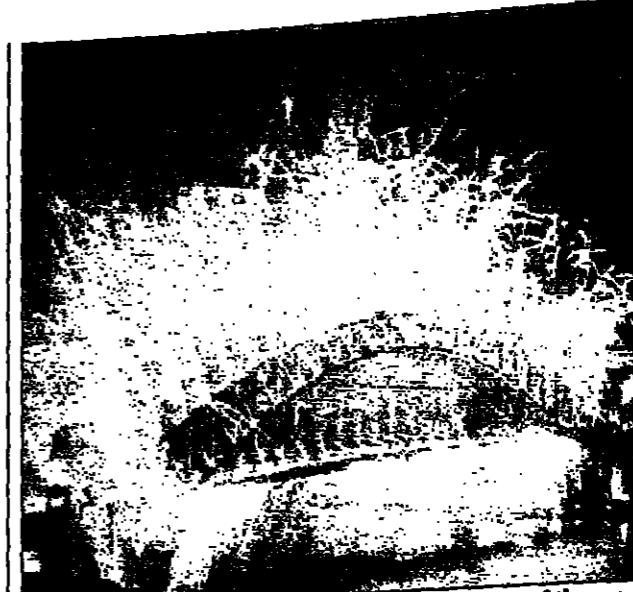
Grim news from the Central Statistical Office and we are not talking about the trade figures. The relentless drive for a leaner Whitehall machine has meant the end to the time-honoured practice of serving coffee and biscuits at economic briefings. The complimentary glass of wine is also history.

The costs savings are expected to be enormous. The contract caterer Gardner Merchant (once owned by Fortis) has been charging the Government 75p for each truly dreadful cup of coffee.

The Christmas party of the

Simon Pincombe CITY DIARY

A day of triumph for Anglo-Saxon pluck



It may be freezing outside but Fosters - purveyors of the amber nectar to a grateful nation - will tomorrow invite us "to celebrate the Australian way of life" with the biggest beer promotion campaign ever seen in the UK. For the less cultured, tomorrow is Australia Day and the brewer is to unveil a £5m campaign to take 1,000 Britons on a "dream holiday" Down Under. The flight will involve nine special Qantas flights to Sydney (above) where the 1,000 winners of a national competition called Australis 1,000 (I'm afraid so) will be let loose among the barbies with more lager than they can handle.

solicitors Davies Arnold Cooper is still causing reverberations throughout the legal profession. It seems the firm's credit controller - one Barry Desouza - did a turn with six lawyers and a secretary which went down barnstormingly well.

Featuring such contemporary classics as "Mustang Sally", "Honky Tonk Woman" and "Addicted to Love", it was an accomplished set by all accounts. And the reviews are terrific. "The man is tipped to be the next Luther Vandross," notes the trade magazine, *The Lawyer*. Certainly Mr Desouza is not your average credit controller. He has sung with Womack and Womack and the Style Council and is in much demand on the London circuit. The backing band (called The Limitations) is also reaching for the stars and should have no

trouble negotiating a recording contract should the offer come along.

No comment from the deflated Fortis camp on the sudden reappearance of one of Sir Rocco's long-lost flames in a Little Chef in Surrey. The odds must have been greater than a National Lottery jackpot. Simone Knightley, a blonde designer and university lecturer from Dorset, just happened to pop into the cafe with her husband while on her way home from India. There she just happened to bump into a reporter from the *Daily Telegraph* who had been dispatched to get background colour on the final day of the bid. "I used to be Rocco's girlfriend," she announced to the incredulous hack.

And yes. She chose the Linda McCartney veggie burger.

IN BRIEF

Quitting insurance costs Xerox \$1.5bn

Xerox Corporation, the US photocopier giant, has reported a loss of \$1.09bn in the fourth quarter after a \$1.55bn one-off charge. The provision related to the group's disengagement from insurance operations, leaving a loss for the year of \$4.72bn or 55.26 a share, fully diluted, compared with earnings of \$794m in 1994. Revenues from the core document processing business rose to \$4.8bn in the fourth quarter from \$4.6bn, and to \$16.6bn for the whole of 1995, up from \$15.1bn the previous year.

Pub operator to buy more sites

Surrey Free Inns, the AIM-listed southern pub operator, has provisionally agreed to buy 10 more sites for its Litten Tree "superpub" chain. The new outlets are set to open towards the end of this financial year. The announcement came as Surrey unveiled a 54 per cent surge in pre-tax profits to £606,000 in half-year to 19 November. The interim dividend is hoisted a quarter to 1p. Ad agency ahead after float

Media Business Group, the advertising buying agency, has reported record profits in its first results since flotation last September. The pre-tax figure jumped 30 per cent to £412,000 in the six months to October. The maiden dividend is being brought forward from the forecast date of October, with an interim payment of 0.03p declared.

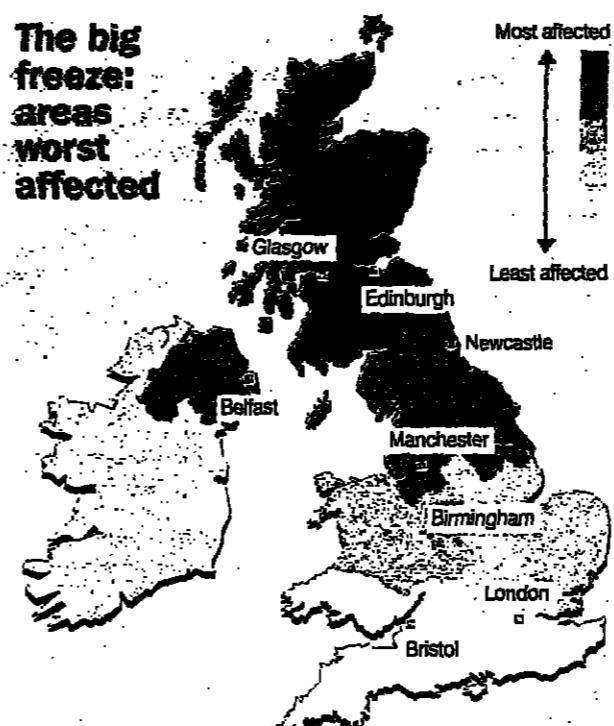
Australian small company trust rejects bid

The board of NM Smaller Australian Companies Trust has called on shareholders to reject the hostile bid from Pacific Assets Trust. After discussions with PAT and other possible bidders, the directors' terms have not been met. These include seeking a continued exposure to Australia for investors and obtaining a cash or near-cash alternative to a share offer.

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Deutsche (I)	0.05m (0.24m)	-0.03m (-0.03m)	0.04p (-0.05p)	n/a (n/a)
Media Business Grp (I)	49.0m (44.1m)	0.41m (0.32m)	0.12p (0.1p)	0.00p (-)
Woolworths Inde (F)	45.5m (5.6m)	5.8m (5.2m)	8p (8.5p)	1.65p (1.6p)
Prospex Inde (F)	61.8m (67.4m)	-21.3m (5.8m)	-7.24p (2.85p)	0.025p (0.05p)
WH Smith (I)	1.36m (1.23m)	17.3m (45.2m)	4p (11.2p)	5.25p (5.25p)
Sainsbury (I)	0.52m (2.13m)	-0.18m (-0.32m)	-5.1p (-5.7p)	n/a (n/a)
Surrey Free Inns (I)	5.79m (5.5m)	0.61m (0.39m)	6p (6.5p)	1p (3.0p)

(F) - Final (I) - Interim (M) - Nine months



Biotech shares make another leap

MAGNUS GRIMOND

The company's increase in premium income marks a further stage in its strategy of world-wide diversification, with a growing emphasis on life and pensions business to replace its previous reliance on general insurance activities.

CUSI said that in the Netherlands, growth in new annual premiums increased by 5 per cent while new single premiums rose by 17 per cent. Elsewhere in Europe, new premium income fell 26 per cent to £80m.

More positively, the company's single-premium business in the UK rose 38 per cent to £345m, boosted largely by sales of its classic investment bond.

World-wide, new annual premiums, the amount investors are prepared to save on a regular basis, rose 12 per cent to £238m.

Acquisition of 3,000 shares at £18.05 by Henky de Ruiter, who recently joined the board as a non-executive director.

Mr de Ruiter, a Dutchman, is an old contact of John Raisman, the Biotech chairman, who knew him at Shell, where he sits on the board. He is also a director of Heineken and Aegon, the giant Dutch insurance group.

At the end of November, the share price soared 48 per cent to £15.48 in one day after the company released results apparently showing that cancerous tumours responded to treatment with Marimastat.

Yesterday's move seems to have been prompted by the ac-

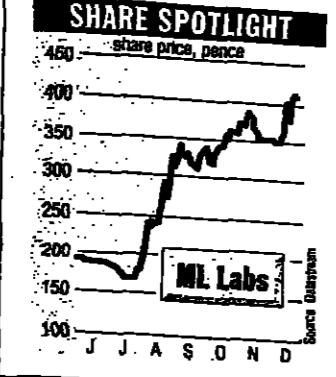
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Further division between Holland and Germany opened up yesterday as Hans Wijers, the Dutch Economics Minister, criticised Daimler-Benz for refusing to compromise on a rescue plan. Daimler had demanded government money. Meanwhile, Daimler accused the Dutch government of abandoning its aerospace industry.

Jumph for
Non pluck

DATA BANK	
FT-SE 100	3758.2 +23.2
FT-SE 250	4086.9 +14.5
FT-SE 350	1863.9 +10.5
SEAQ VOLUME	861.5m shares,
Gilt's Index	35,948 bargains
96.15	+0.17



Standard Chartered races away on takeover rumours

The share price of Standard Chartered Bank raced away in late dealings yesterday and finished the trading session 43.3p higher at 662.5p on strong rumours of a takeover bid from either the cash-rich National Westminster Bank or BankAmerica.

American investors were again said to be picking up stock in Standard which, largely due to sustained bid speculation and a better than expected trading performance across its extensive Asian banking network, has seen its share price soar over the last year from a low point of 247p. The latest price values Standard at almost £6.5bn.

Banking analysts find the bid rumours difficult to fathom. Standard's book value at the end of last year was £1.7bn, posing a £4.7bn goodwill problem for any would-be bidder.

An additional problem is whether Tan Sri Khoo Teck

Puat would sell his 14.95 per cent stake.

The bank's profits have recovered strongly since the disastrous performance in 1992. Profits before tax in 1994 climbed from £401m to £510m, and analysts are predicting a result for the year just finished in excess of £650m.

NatWest, ahead 6p to 674p, is flush with cash from the recent £2.3bn disposal of NatWest Bancorp in the US, but analysts said yesterday there was very little logic in it making a move for Standard.

They added that HSBC, 19p



MARKET REPORT

JOHN SHEPHERD

European interest rates — a move that dealers said was likely to be set in motion by France, which some were betting to announce a cut in rates today.

Barclays closed with a 6p advance to 785p, Royal Bank of Scotland gained 7p to 588p, and Bank of Scotland put on 3p to 304.5p.

Bid rumours and a very strong opening on Wall Street were the prime talking points and drove the FT-SE 100 share index up by 23.2 points to an all-time high of 3,758.2.

The opening 50-point surge

in the Dow Jones index owed

much to weak industrial out-

put figures, lifting hopes in

the Federal Reserve would soon also cut rates.

Buyers were out in force in the London market. More than 861 million shares were dealt, spread across 36,000

bargains.

The crop of bid rumours grows ever larger. There is hardly a sector untainted by speculation that a takeover bid is imminent.

Pub and restaurant shares became the subject of numerous rumours yesterday, with dealers willing to punt on anything viewed as a target for Whitbread, 6.5p better at 690.5p, following its failure to buy the Happy Eater and Little Chef chains from Forte.

Several shares in the pub and restaurant group finished at all-time highs. The speculative list included JD Wetherspoon, which climbed 18p to a record 734p, Regent Inns, which also hit a peak with a 3p gain to 729p, and My Kadar Inn, 12p higher at 132p.

Renewed bid rumours pushed Van's, the Sunderland-based brewer, up by 6p to 298p. Wolverhampton and Dudley Breweries, tipped as a predator, firms a penny to

590p.

Whitbread is emerging as the front runner to acquire the Welcome Break motorway service stations that Granada, which soared 29p to 707p, is set to sell. Bass, up 4p to 736p, is viewed as a buyer of the Meriden hotel chain that Granada has pledged to sell.

Greensells Group added another 8p to hit a fresh peak of 612p, and looks set to replace Forte in the FT-SE 100 index.

TAKING STOCK

Magnum Power's volatile shares were one of the day's best performers, surging 15p to 141p. The Scottish inventor of power back-up systems for computers is rumoured to be close to signing supply deals with several leading computer companies. One dealer said the first would be announced soon and would be with Compaq of the US. Shares traded as high as 195p last year, and some dealers believe the price could rocket beyond 200p.

The arrival of Donald Trump in London sparked gossip that he was here to cast an acquisitive eye over the capital's top casinos. The main target was said to be London Clubs International. Shares finished the day 9p up at 468p. Capital Group, which runs the high-rollers' paradise, Crockfords, firmed 1p to 212p.

The story goes that Glaxo

will manufacture ML's anti-

viral drug, which is being test-

ed on four AIDS patients at

London's Hammersmith Hos-

pital. Results from the tests are

expected early next month.

Glaxo's Group added another 8p to hit a fresh peak of

612p, and looks set to replace

Forte in the FT-SE 100 index.

Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details: ex Rights: Ex-dividend date. Ex all Unlisted Securities Market. Suspended: Source: Finestat. op Party Paid: pm Nil Paid Shares.

Source: Finestat.

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unit trusts/data

fan tan

Foreign Exchange Rates																	
STERLING									DOLLAR								
Country	Spot	1 month	3 months	Spot	1 month	3 months	Spot	1 month	3 months	1 month	3 months	Spot	1 month	3 months	1 month	3 months	
US	15130	11.9	30.27	1000	0.3	-0.5	0.0765	0.0288	0.0288	0.0288	0.0288	0.0288	0.0288	0.0288	0.0288	0.0288	
Canada	2239	5.51	55.47	13887	0.3	-0.5	0.0246	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	
Germany	76757	57.05	57.05	14023	0.25	0.25	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
France	76757	57.05	57.05	50755	0.25	0.25	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
Italy	26087	5.57	57.37	12412	2.4	5.47	0.0544	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	
Japan	16154	55.57	55.57	120577	2.4	5.47	0.0544	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	
ECU	46105	2.10	25.25	57255	0.40	0.40	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
Belgium	18627	5.51	55.47	13882	0.3	-0.5	0.0246	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	
Denmark	25085	76.57	23.35	20267	4.5	4.5	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
Netherlands	18627	7.7	7.7	14024	0.3	-0.5	0.0246	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	
Ireland	18627	7.7	7.7	14024	0.3	-0.5	0.0246	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	
Norway	98728	12.75	12.75	12473	0.55	0.55	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
Spain	18627	44.53	44.53	14024	0.55	0.55	0.0246	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	0.0102	
Sweden	10388	2.57	25.67	12059	0.55	0.55	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
Switzerland	18607	9.21	9.21	12569	2.4	5.47	0.0544	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	
Australia	120577	57.75	57.75	12474	2.4	5.47	0.0544	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	
Hong Kong	17100	57.75	57.75	12563	2.4	5.47	0.0544	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	
Malaysia	11-0	0.4	0.4	15055	3.44	3.44	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
New Zealand	22750	2.57	12.57	12505	2.4	5.47	0.0544	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	0.0257	
Saudi Arabia	56745	0.4	0.4	12413	4.30	4.30	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
Singapore	21605	0.4	0.4	12413	4.30	4.30	0.0253	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	0.0125	
OTHER SPOT RATES																	
Country	Sterling	Dollar	Country	Sterling	Dollar	Country	Sterling	Dollar	Country	Sterling	Dollar	Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	12223	0.69	Nigeria	0.6200	0.6200	Austria	0.6288	0.6288	Bahrain	0.6288	0.6288	Bulgaria	0.6288	0.6288	Cambodia	0.6288	0.6288
Australia	15730	1.0402	China	0.5765	0.5765	Belarus	0.6288	0.6288	Bolivia	0.6288	0.6288	Bosnia	0.6288	0.6288	Botswana	0.6288	0.6288
Brunei	14027	0.5967	Bulgaria	0.6288	0.6288	Burkina Faso	0.6288	0.6288	Cambodia	0.6288	0.6288	Chad	0.6288	0.6288	Chile	0.6288	0.6288
China	125867	0.5763	Chile	0.6288	0.6288	China	0.6288	0.6288	Croatia	0.6288	0.6288	Cuba	0.6288	0.6288	Cyprus	0.6288	0.6288
Egypt	51465	0.3404	Cyprus	0.6288	0.6288	Cote d'Ivoire	0.6288	0.6288	Croatia	0.6288	0.6288	Cuba	0.6288	0.6288	Croatia	0.6288	0.6288
Finland	63649	0.4558	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Greece	55024	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Iceland	50204	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
India	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Indonesia	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Iraq	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Korea	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Morocco	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Philippines	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Poland	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Russia	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Singapore	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288
Sri Lanka	52014	0.5507	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia	0.6288	0.6288	Croatia		

sport

Crocks may hand Asian gold to Els

Golf

ANDY FARRELL
reports from Singapore

The start of a new season - everyone fresh, fit and raring to go. Not quite. Greg Norman is in bed with a chest infection, Sam Torrance has a septic toe and Ian Woosnam's back is still playing up. The 1996 European Tour may be set to go farther afield than ever before, but it is an expansion of the physiotherapy trailer that is most needed.

One reason Johnnie Walker has continued its connection with the Asian Classic, which usually attracts the world's best players, after pulling out of the World Championship, which did not, is that for superstar golfers Asia in January is a better proposition than Jamaica just before Christmas.

This year's event in Singapore has not gone quite according to plan. Colin Montgomerie, keen to equal Peter Oosterhuis' record of four successive Order of Merit titles, has stayed at home for the birth of his second daughter, Venetia Grace. Steve Ballesteros is on a five-month sabbatical learning how to relocate a fairway and Jose-Maria Olazabal withdrew because his injured foot means he can still not walk 18 holes.

Playing golf is not the only demand on the top players. There is their second career as course builders. Bernhard Langer broke his journey to open his new design at Lotus Hill in China. Woosnam spent the weekend scouting the land for a project in Bangkok and Norman looked in on his work on the first integrated resort and golf course in India. Near Delhi, it is called Sterling Grand, and usually the question is: How many? This is the man who earned \$30m (£20m) from the sale of the equipment company Cobra, in which he bought a 51.9m stake in 1990.

Norman was feeling ill enough to want to skip the 36-hour stopover, but according to his manager, Frank Williams, the owner pleaded with him to go. He was given an injection.

FA CUP COUNTDOWN: Former Northern Ireland stalwart plots Ipswich's downfall. Phil Shaw reports

Nicholl waiting for happy hour

Half an hour's satisfaction - that is how Chris Nicholl quantifies the rewards of a week's work as a football manager. Always assuming, of course, that his Walsall team have won.

If that makes Nicholl sound like the dour antithesis of charismatics like Barry Fry and Ron Atkinson, it is misleading. His manner is quiet but warm and his humour self-deprecating, while his love of the game is reflected in the progressive style on which Walsall will stand or fall at Ipswich in the fourth round of the FA Cup on Saturday.

It is just that Nicholl believes running a team to be more stressful than people imagine, and prefers plain speaking to wisecracking as a method of

'I think I did a good job at Southampton, and as time goes by I have to say it looks a better job'

articulating his view. Asked how he filled in the days during the three years between leaving Southampton and resurfacing at Walsall, he replies: "I enjoyed myself."

Yet all the time he was despatched to jump back in, and he still has ambitions to manage a Premiership club. Why? Again he shrugs and smiles. "Mad."

There must be a method to this madness. Last season, his first at the Bescot Stadium, Nicholl took Walsall up to the Second Division. Although below half-way, they are only three points away from the play-off places and well clear of the bottom-four berth they occupied in late October.

None of which is remarkable until you consider that Walsall had previously won promotion only four times. Or that in 17 months at a club surrounded by the big spenders



Chris Nicholl, whose Walsall side travel to Portman Road in the FA Cup on Saturday

trouble no matter what work you've done in the week."

The closest he has been to the FA Cup final, the event which hooked him on football, was in 1986 in his first season in charge of Southampton. They took a Double-bound Liverpool to extra time in the semi-final remembered for the horrific broken leg suffered by the Saints' Mark Wright.

This time last year, Walsall led Leeds 1-0 in the third round before conceding an equaliser three minutes from time. They then forced the additional half-hour at Elland Road before, as Nicholl concedes, "we tired and they swamped us".

This season's run includes, bizarrely, an 8-4 win over Torquay on a frost-affected

'Managing is a very stressful job. What screws you up is there's no physical outlet for the tension'

surface, during which Nicholl lost track of the score. Walsall have since tightened up considerably, an improvement to which Derek Mountfield - an FA Cup winner with Everton - has made a major contribution since arriving from Carlisle.

Nicholl had expected to be renewing acquaintance with Shearer et al on Saturday (as did Blackburn, the champions having somewhat prematurely sent Walsall their tickets for Ewood Park before losing a home replay to First Division Ipswich). "In theory, it gives us a better chance," he says. "Still a small chance, but a better one than we'd have had at Blackburn."

The Cup is no place for half-measures. If Walsall win this one, expect Nicholl to reflect and enjoy a full hour's satisfaction before the pressure starts again.

Smith back on Olympic course

Sailing

STUART ALEXANDER
reports from Miami

Lawrie Smith, Britain's most highly paid and high profile sailor, who already has an Olympic medal, is back on the treadmill here. Today sees the first race in the first of two trial regattas to select Britain's 1996 representatives in the stately Star class of two-man keelboat.

Smith is also planning a summer campaign in two kinds of spectacular boats that are as far removed as possible from the Star - the Ultra 30 and the Australian 18-foot skiff. He is also talking to three possible backers of the 1997-98 Whitbread race attempt: the ambitious Emirates of Dubai; Chris Dickson's spon-

won four in a row and not conceded a goal - on Saturday evening you get half an hour of satisfaction. Then the physio comes in and says so and so's

got a bad knee and you find another player's going to be suspended. It's then that the worries start to build up for the next game.

"What screws you up is that there's no physical outlet for the tension. The players get their high from running around. We get the adrenaline but we lose control the moment they run out of the dressing-room. And if one of your players isn't feeling right or the referee doesn't like you that day, you're in

wrong, but they put up with me for six years. That was long enough for anybody. They wanted a change and they were right to do it."

Nicholl is clearly not one to indulge in platitudes. He admits, for instance, that although he enjoyed the leisure time, he had begun "to doubt everything, including myself" before he was invited to succeed Kenny Hibbitt at Walsall (where, revealingly, he is the 34th manager in 68 seasons). Nor has his modest success altered his feelings about his profession.

"Managing is a very stressful job. It doesn't matter how many you've won - we've just

won four in a row and not conceded a goal - on Saturday evening you get half an hour of satisfaction. Then the physio comes in and says so and so's

got a bad knee and you find another player's going to be suspended. It's then that the worries start to build up for the next game.

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"Managing is a very stressful job. It doesn't matter how many you've won - we've just

were not putting in as much time as the Americans, who may be out five days a week. And he knows he can now be in the Australian sunshine, not only for some skiff sailing but a likely substantial boost to his bank balance.

Smith is apprehensive, surrounded as he is by Olympic squad members from many of the major European countries and the US at the Coral Reef Yacht Club, one of five which hosts the 10 classes of Olympic yachts all now tuning up in earnest in preparation for Sanya in July.

The remaining two big Olympic testing grounds are at Sanya, France, in April and Medemblik, the Netherlands, in May. But both will be academic for Smith if he does not perform well enough in Miami.

Even then, he concedes they

Lewis' bout with Bowe is called off

Boxing

DAVE HADFIELD

The new coach of St Helens, Shaun McRae, has promised to add defensive steel to the club's traditional flair. McRae, the former assistant coach to Australia and the Canberra Raiders, arrived to take up his post yesterday and said that the talent was already at the club to enable them to match Wigan.

"There is a lot of work to be done," McRae said, "but the potential is there to be consistent - and that is what wins competitions."

McRae has watched tapes of Saints games, including their recent Regal Trophy final defeat by Wigan. "St Helens were very unlucky, but, at the end of the day, they didn't win. If you can be consistent in your overall performance against Wigan, then you've got a chance," he said.

"That is the first thing I'll be looking for."

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"The situation is very much like that at Canberra, where we're scoring a lot of points but having a lot scored against us," said the club's chairman, Barry Marantz.

McRae's barker, said: "HBO and Newman have not managed to settle their differences. It must go to court and Lewis will not fight Bowe next," Eliades said. "We are looking at all other top opponents, but it looks like Michael Moore and Axel Schulz are not available, while Evander Holyfield is not ready."

Hughes is one of three coaches heading the field for the position at London Broncos that fell vacant when Gary Grieveson was dismissed on Tuesday. Brian Johnson, who resigned at Warrington earlier this month, and Clive Griffiths, who was overlooked as his successor, are also on a short-list of contenders.

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The years that the 28-year-old wing defence Fiona Murlagh was vice-captain of the England netball team before taking over from Kendra Slawinski, who has retired after winning a record 128 caps.

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TODAY'S NUMBER

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Questions of Sport

£40,000 to be won

Today we are giving you another sporting chance of an instant win. In Saturday's paper, there was a Questions of Sport multi-choice scratch card which, if you answer three sporting questions correctly, gives you the chance of an instant cash prize from £1 to £1,000. You don't have to be an obsessive fan to play - a good general sporting knowledge should suffice. But remember, you only get one chance to answer each question, so if you are in any doubt, check it out. The card contains eight games so you can play daily through to Friday 26 January. This Saturday in The Independent we will give you a new Questions of Sport scratch card. As well as the daily instant cash prizes there is a weekly accumulator prize of £5,000 to be won.

HOW TO PLAY

Today we are playing the section of the card dated Thursday 25 January. Below are three sporting questions, each with three possible answers coded as A, B and C. Scratch off your answer to Question Nineteen either A, B or C in the Q19 column then repeat for Q20 and Q21.

THE QUESTIONS
Q19 In which sport is the America's Cup a major trophy?
A: Baseball
B: Sailing
C: Ice hockey

Q20 What is the distance of the Grand National?
A: Three miles
B: Five miles
C: Four and a half miles

Q21 Which footballer currently playing in the Premiership won three Premiership / First Division winners' medals in succession?
A: Alan Shearer
B: David Batty
C: Eric Cantona

SOME OF OUR WINNERS SO FAR:

Christine Marsden from Burnley, Lancs - £1000
Martin Boileau from Buckingham - £500
Mark Webber from Weatherby, Leeds - £100
Rhoda Coates from Southampton, Hants - £100
Carlo Caruso from London - £100
Kenneth Bulcock from Huddersfield, Macclesfield - £25
Frederick Shipley from Sheffield - £10

QUESTIONS OF SPORT CLAIM COUPON

Thursday 25 January 1996
To claim prizes up to £5

DO NOT PHONE

Take this coupon to any of the participating Newsagents listed who will give you your prize instantly.

NAME
ADDRESS

POSTCODE

TELEPHONE

To the Newsagent: Please check the card is correct and give the reader the value of their prize. Send this coupon or details supplied on plain paper together with the winning card to your head office for full redemption.

SPORTS LETTERS

Levy on transfers

From Mr M Shuck

Sir: I do not believe for one moment that the majority of rugby clubs wish to turn back the clock and half the move to professionalism.

Surely the election of Cliff Briddle was a signal that there is more to the world of rugby than the top 11 clubs and the national squad, important though they are to the game, and to the media.

What the middle and lower order clubs (as supposedly represented by Mr Briddle) want to hear is some encouragement from the RFU and perhaps a decent share in the projected bonanza should it ever materialise.

There are various ways in which a desirable fostering of the rank-and-file clubs can be achieved. I would suggest one move. A levy on any professional club signing a player from an amateur club whether that player is to be paid or not. The levy, fixed at say £2,000, to go direct to the "feeder" club.

Yours sincerely,
MIKE SHACKEL
Sanderstead, S Croydon

Letters should be marked "For publication" and should contain daytime and evening phone numbers. They should be sent to Sports Editor, The Independent, 1 Canada Square, London E14 5DL. They may be shortened for reasons of space.

Rugby League

DAVE HADFIELD

The new coach of St Helens, Shaun McRae, has promised to add defensive steel to the club's traditional flair. McRae, the former assistant coach to Australia and the Canberra Raiders, arrived to take up his post yesterday and said that the talent was already at the club to enable them to match Wigan.

"There is a lot of work to be done," McRae said, "but the potential is there to be consistent - and that is what wins competitions."

McRae has watched tapes of Saints games, including their recent Regal Trophy final defeat by Wigan. "St Helens were very unlucky, but, at the end of the day, they didn't win. If you can be consistent in your overall performance against Wigan, then you've got a chance," he said.

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New Questions Of Sport scratch card in Saturday's Independent

THE INDEPENDENT

In his great days, the late Jock Stein preached that it was pointless getting upset over decisions. It was excellent advice

Anyone like me who has been following football longer than it is comfortable to remember must wonder how some of the most evil players imaginable would have made out today under the intense scrutiny of television.

Two who spring immediately to mind, both internationals who performed beguilingly in the role of what was known as a scheming inside-forward, concealed their spite with such cunning that it often went undetected by referees and never caught the public's attention. Opponents approached them with the utmost caution but they never figured on bar room lists of the nastiest footballers.

By now you have probably guessed I am coming to the con-

troversy surrounding televised proof that Julian Dicks of West Ham got away with a dreadful foul on Andy Cole of Manchester United at Upton Park last Monday evening before Nicky Butt was sent off.

The outcome is that Dicks claims he is being victimised by the Sky presenter, Andy Gray, who highlighted another incident involving him earlier this season, entering the renewed debate over the difficulties imposed on referees by television replays.

Some sympathy is held out personally for Stephen Lodge, the match referee, who has more or less made it clear that his eyes are where you expect to find them, not positioned in his backside. "With the number of cameras Sky have

at their live games these days I could referee from the stand using all their angles and technology," he said. "They see everything. Referees have to make split-second judgements with only two angles, theirs and that of the adjacent linesman. We have to live with television but it is making the job a nightmare."

Times have changed, maybe for the worse, maybe for the better, but it is not all that many years ago since the old Football League, through its splenetic secretary, the late Alan Hardaker, demanded absolute discretion when first allowing the BBC to show televised highlights of Saturday matches. Even to criticise referees in studio reports was to invite the wrath of

people with rage. As for calling referees to account on the basis of television replays, forget it.

Doubtless on account of the trouble that seems to follow his club around and perhaps suspecting a vendetta, the Wimbledon manager, Joe Kinnear has advanced what you may think to be the quite ludicrous idea of having a referee in the stands to settle controversial incidents.

To my mind, when you start talking technology in sport you start talking trouble. Where will it end? How long would it have taken at the Parc des Princes in Paris last week to establish from a television replay that Tony Underwood did not correctly ground the ball when claiming a try against France?

Twice in two weeks recently, the Pittsburgh Steelers moved towards the Super Bowl against Dallas Cowboys on Sunday with the help of illegal touchowns. Because there is no time in the play-offs for bad calls to balance themselves out it was felt generally that the National Football League's decision to dispense with instant replays was a blunder they will live to regret. As Dave Anderson of the New York Times put it, "It's inevitable that sooner or later Commissioner Paul Tagliabue will be presenting the Lombardi Trophy to an undeserved team."

In his great days as manager of Celtic, the late Jock Stein preached that it was pointless getting upset over decisions because it interfered with concentration, and usually they evened themselves out. It was excellent advice.

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KEN JONES

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